

[DISCUSSION DRAFT]

SEPTEMBER 23, 2003

TITLE ____—OIL AND GAS
Subtitle A—Strategic Petroleum
Reserve

SEC. ____01. PERMANENT AUTHORITY TO OPERATE THE
STRATEGIC PETROLEUM RESERVE AND
OTHER ENERGY PROGRAMS.

(a) AMENDMENT TO TITLE I OF THE ENERGY POL-
ICY AND CONSERVATION ACT.—Title I of the Energy Pol-
icy and Conservation Act (42 U.S.C. 6211 et seq.) is
amended—

(1) by striking section 166 (42 U.S.C. 6246)
and inserting the following:

“AUTHORIZATION OF APPROPRIATIONS

“SEC. 166. There are authorized to be appropriated
to the Secretary such sums as may be necessary to carry
out this part and part D, to remain available until ex-
pired.”;

(2) by striking section 186 (42 U.S.C. 6250e);
and

(3) by striking part E (42 U.S.C. 6251; relat-
ing to the expiration of title I of the Act).

(b) AMENDMENT TO TITLE II OF THE ENERGY POL-
ICY AND CONSERVATION ACT.—Title II of the Energy

1 Policy and Conservation Act (42 U.S.C. 6271 et seq.) is
2 amended—

3 (1) by inserting before section 273 (42 U.S.C.
4 6283) the following:

5 “PART C—SUMMER FILL AND FUEL BUDGETING
6 PROGRAMS”;

7 (2) by striking section 273(e) (42 U.S.C.
8 6283(e); relating to the expiration of summer fill
9 and fuel budgeting programs); and

10 (3) by striking part D (42 U.S.C. 6285; relat-
11 ing to the expiration of title II of the Act).

12 (c) TECHNICAL AMENDMENTS.—The table of con-
13 tents for the Energy Policy and Conservation Act is
14 amended—

15 (1) by inserting after the items relating to part
16 C of title I the following:

“PART D—NORTHEAST HOME HEATING OIL RESERVE

“Sec. 181. Establishment.

“Sec. 182. Authority.

“Sec. 183. Conditions for release; plan.

“Sec. 184. Northeast Home Heating Oil Reserve Account.

“Sec. 185. Exemptions.”;

17 (2) by amending the items relating to part C of
18 title II to read as follows:

“PART C—SUMMER FILL AND FUEL BUDGETING PROGRAMS

“Sec. 273. Summer fill and fuel budgeting programs.”; and

19 (3) by striking the items relating to part D of
20 title II.

1 (d) AMENDMENT TO THE ENERGY POLICY AND CON-
2 SERVATION ACT.—Section 183(b)(1) of the Energy Policy
3 and Conservation Act (42 U.S.C. 6250(b)(1)) is amended
4 by striking all after “increases” through to “mid-October
5 through March” and inserting “by more than 60 percent
6 over its 5-year rolling average for the months of mid-Octo-
7 ber through March (considered as a heating season aver-
8 age)”.

9 **SEC. ____02. FULL CAPACITY OF STRATEGIC PETROLEUM**
10 **RESERVE.**

11 The President shall—

12 (1) fill the Strategic Petroleum Reserve estab-
13 lished pursuant to part B of title I of the Energy
14 Policy and Conservation Act (42 U.S.C. 6231 et
15 seq.) to full capacity as soon as practicable;

16 (2) acquire petroleum for the Strategic Petro-
17 leum Reserve by the most practicable and cost-effec-
18 tive means, with consideration being given to domes-
19 tically produced petroleum, including the acquisition
20 of crude oil the United States is entitled to receive
21 in kind as royalties from production on Federal
22 lands; and

23 (3) ensure that the fill rate minimizes impact
24 on United States petroleum and refining markets
25 and is consistent with United States obligations

1 under existing international agreements to maintain
2 sufficient reserve requirements and not disrupt
3 international oil markets.

4 **SEC. ____03. STRATEGIC PETROLEUM RESERVE EXPANSION.**

5 (a) PLAN.—Not later than 180 days after the date
6 of enactment of this Act, the Secretary of Energy shall
7 transmit to the Congress a plan for the expansion of the
8 Strategic Petroleum Reserve to 1,000,000,000 barrels,
9 including—

10 (1) plans for the elimination of infrastructure
11 impediments to maximum drawdown capability;

12 (2) a schedule for the completion of all required
13 environmental reviews;

14 (3) provision for consultation with Federal and
15 State environmental agencies;

16 (4) a schedule and procedures for site selection;
17 and

18 (5) anticipated annual budget requests.

19 (b) CONSTRUCTION OF ADDITIONAL CAPACITY.—The
20 Secretary of Energy shall acquire property and complete
21 construction for the expansion of the Strategic Petroleum
22 Reserve in accordance with the plan transmitted under
23 subsection (a).

24 (c) AUTHORIZATION OF APPROPRIATIONS.—There
25 are authorized to be appropriated to the Secretary of En-

1 ergy \$1,500,000,000 for carrying out this section, to re-
2 main available until expended.

3 **Subtitle B—Production Incentives**

4 **SEC. ____11. DEFINITION OF SECRETARY.**

5 In this subtitle, the term “Secretary” means the Sec-
6 retary of the Interior.

7 **SEC. ____12. PROGRAM ON OIL AND GAS ROYALTIES IN-** 8 **KIND.**

9 (a) **APPLICABILITY OF SECTION.**—Notwithstanding
10 any other provision of law, this section applies to all roy-
11 alty in-kind accepted by the Secretary on or after the date
12 of enactment of this Act under any Federal oil or gas lease
13 or permit under section 36 of the Mineral Leasing Act
14 (30 U.S.C. 192), section 27 of the Outer Continental Shelf
15 Lands Act (43 U.S.C. 1353), or any other Federal law
16 governing leasing of Federal land for oil and gas develop-
17 ment.

18 (b) **TERMS AND CONDITIONS.**—All royalty accruing
19 to the United States shall, on the demand of the Sec-
20 retary, be paid in oil or gas. If the Secretary makes such
21 a demand, the following provisions apply to such payment:

22 (1) **SATISFACTION OF ROYALTY OBLIGATION.**—
23 Delivery by, or on behalf of, the lessee of the royalty
24 amount and quality due under the lease satisfies the
25 lessee’s royalty obligation for the amount delivered,

1 except that transportation and processing reimburse-
2 ments paid to, or deductions claimed by, the lessee
3 shall be subject to review and audit.

4 (2) MARKETABLE CONDITION.—

5 (A) IN GENERAL.—Royalty production
6 shall be placed in marketable condition by the
7 lessee at no cost to the United States.

8 (B) DEFINITION OF MARKETABLE CONDI-
9 TION.—In this paragraph, the term “in market-
10 able condition” means sufficiently free from im-
11 purities and otherwise in a condition that the
12 royalty production will be accepted by a pur-
13 chaser under a sales contract typical of the field
14 or area in which the royalty production was
15 produced.

16 (3) DISPOSITION BY THE SECRETARY.—The
17 Secretary may—

18 (A) sell or otherwise dispose of any royalty
19 production taken in-kind (other than oil or gas
20 transferred under section 27(a)(3) of the Outer
21 Continental Shelf Lands Act (43 U.S.C.
22 1353(a)(3)) for not less than the market price;
23 and

24 (B) transport or process (or both) any roy-
25 alty production taken in-kind.

1 (4) RETENTION BY THE SECRETARY.—The Sec-
2 retary may, notwithstanding section 3302 of title 31,
3 United States Code, retain and use a portion of the
4 revenues from the sale of oil and gas royalties taken
5 in-kind that otherwise would be deposited to mis-
6 cellaneous receipts, without regard to fiscal year lim-
7 itation, or may use oil or gas received as royalty
8 taken in-kind (in this paragraph referred to as “roy-
9 alty production”) to pay the cost of—

- 10 (A) transporting the royalty production;
11 (B) processing the royalty production;
12 (C) disposing of the royalty production; or
13 (D) any combination of transporting, proc-
14 essing, and disposing of the royalty production.

15 (5) LIMITATION.—

16 (A) IN GENERAL.—Except as provided in
17 subparagraph (B), the Secretary may not use
18 revenues from the sale of oil and gas royalties
19 taken in-kind to pay for personnel, travel, or
20 other administrative costs of the Federal Gov-
21 ernment.

22 (B) EXCEPTION.—Notwithstanding sub-
23 paragraph (A), the Secretary may use a portion
24 of the revenues from the sale of oil royalties
25 taken in-kind, without fiscal year limitation, to

1 pay transportation costs, salaries, and other ad-
2 ministrative costs directly related to filling the
3 Strategic Petroleum Reserve.

4 (c) REIMBURSEMENT OF COST.—If the lessee, pursu-
5 ant to an agreement with the United States or as provided
6 in the lease, processes the royalty gas or delivers the roy-
7 alty oil or gas at a point not on or adjacent to the lease
8 area, the Secretary shall—

9 (1) reimburse the lessee for the reasonable costs
10 of transportation (not including gathering) from the
11 lease to the point of delivery or for processing costs;
12 or

13 (2) allow the lessee to deduct the transportation
14 or processing costs in reporting and paying royalties
15 in-value for other Federal oil and gas leases.

16 (d) BENEFIT TO THE UNITED STATES REQUIRED.—
17 The Secretary may receive oil or gas royalties in-kind only
18 if the Secretary determines that receiving royalties in-kind
19 provides benefits to the United States that are greater
20 than or equal to the benefits that are likely to have been
21 received had royalties been taken in-value.

22 (e) REPORTS.—

23 (1) IN GENERAL.—Not later than September
24 30, 2005, the Secretary shall submit to the Congress
25 a report that addresses—

1 (A) actions taken to develop businesses
2 processes and automated systems to fully sup-
3 port the royalty-in-kind capability to be used in
4 tandem with the royalty-in-value approach in
5 managing Federal oil and gas revenue; and

6 (B) future royalty-in-kind businesses oper-
7 ation plans and objectives.

8 (2) REPORTS ON OIL OR GAS ROYALTIES TAKEN
9 IN-KIND.—For each of fiscal years 2004 through
10 2013 in which the United States takes oil or gas
11 royalties in-kind from production in any State or
12 from the outer Continental Shelf, excluding royalties
13 taken in-kind and sold to refineries under subsection
14 (h), the Secretary shall submit to the Congress a re-
15 port that describes—

16 (A) the methodology or methodologies used
17 by the Secretary to determine compliance with
18 subsection (d), including the performance
19 standard for comparing amounts received by
20 the United States derived from royalties in-kind
21 to amounts likely to have been received had roy-
22 alties been taken in-value;

23 (B) an explanation of the evaluation that
24 led the Secretary to take royalties in-kind from

1 a lease or group of leases, including the ex-
2 pected revenue effect of taking royalties in-kind;

3 (C) actual amounts received by the United
4 States derived from taking royalties in-kind and
5 costs and savings incurred by the United States
6 associated with taking royalties in-kind, includ-
7 ing, but not limited to, administrative savings
8 and any new or increased administrative costs;
9 and

10 (D) an evaluation of other relevant public
11 benefits or detriments associated with taking
12 royalties in-kind.

13 (f) DEDUCTION OF EXPENSES.—

14 (1) IN GENERAL.—Before making payments
15 under section 35 of the Mineral Leasing Act (30
16 U.S.C. 191) or section 8(g) of the Outer Continental
17 Shelf Lands Act (43 U.S.C. 1337(g)) of revenues
18 derived from the sale of royalty production taken in-
19 kind from a lease, the Secretary shall deduct
20 amounts paid or deducted under subsections (b)(4)
21 and (c) and deposit the amount of the deductions in
22 the miscellaneous receipts of the United States
23 Treasury.

24 (2) ACCOUNTING FOR DEDUCTIONS.—If the
25 Secretary allows the lessee to deduct transportation

1 or processing costs under subsection (c), the Sec-
2 retary may not reduce any payments to recipients of
3 revenues derived from any other Federal oil and gas
4 lease as a consequence of that deduction.

5 (g) CONSULTATION WITH STATES.—The Secretary—

6 (1) shall consult with a State before conducting
7 a royalty in-kind program under this subtitle within
8 the State, and may delegate management of any
9 portion of the Federal royalty in-kind program to
10 the State except as otherwise prohibited by Federal
11 law; and

12 (2) shall consult annually with any State from
13 which Federal oil or gas royalty is being taken in-
14 kind to ensure, to the maximum extent practicable,
15 that the royalty in-kind program provides revenues
16 to the State greater than or equal to those likely to
17 have been received had royalties been taken in-value.

18 (h) SMALL REFINERIES.—

19 (1) PREFERENCE.—If the Secretary determines
20 that sufficient supplies of crude oil are not available
21 in the open market to refineries that do not have
22 their own source of supply for crude oil, the Sec-
23 retary may grant preference to such refineries in the
24 sale of any royalty oil accruing or reserved to the
25 United States under Federal oil and gas leases

1 issued under any mineral leasing law, for processing
2 or use in such refineries at private sale at not less
3 than the market price.

4 (2) PRORATION AMONG REFINERIES IN PRO-
5 Duction AREA.—In disposing of oil under this sub-
6 section, the Secretary may, at the discretion of the
7 Secretary, prorate the oil among refineries described
8 in paragraph (1) in the area in which the oil is pro-
9 duced.

10 (i) DISPOSITION TO FEDERAL AGENCIES.—

11 (1) ONSHORE ROYALTY.—Any royalty oil or gas
12 taken by the Secretary in-kind from onshore oil and
13 gas leases may be sold at not less than the market
14 price to any Federal agency.

15 (2) OFFSHORE ROYALTY.—Any royalty oil or
16 gas taken in-kind from a Federal oil or gas lease on
17 the outer Continental Shelf may be disposed of only
18 under section 27 of the Outer Continental Shelf
19 Lands Act (43 U.S.C. 1353).

20 (j) PREFERENCE FOR FEDERAL LOW-INCOME EN-
21 ERGY ASSISTANCE PROGRAMS.—In disposing of royalty oil
22 or gas taken in-kind under this section, the Secretary may
23 grant a preference to any person, including any Federal
24 or State agency, for the purpose of providing additional

1 resources to any Federal low-income energy assistance
2 program.

3 **SEC.____13. MARGINAL PROPERTY PRODUCTION INCEN-**
4 **TIVES.**

5 (a) DEFINITION OF MARGINAL PROPERTY.—Until
6 such time as the Secretary promulgates regulations under
7 subsection (e) that prescribe a different definition, in this
8 section the term “marginal property” means an onshore
9 unit, communitization agreement, or lease not within a
10 unit or communitization agreement, that produces on av-
11 erage the combined equivalent of less than 15 barrels of
12 oil per well per day or 90 million British thermal units
13 of gas per well per day calculated based on the average
14 over the 3 most recent production months, including only
15 wells that produce on more than half of the days during
16 those 3 production months.

17 (b) CONDITIONS FOR REDUCTION OF ROYALTY
18 RATE.—Until such time as the Secretary promulgates reg-
19 ulations under subsection (e) that prescribe different
20 thresholds or standards, the Secretary shall reduce the
21 royalty rate on—

22 (1) oil production from marginal properties as
23 prescribed in subsection (c) when the spot price of
24 West Texas Intermediate crude oil at Cushing, Okla-

1 homa, is, on average, less than \$15 per barrel for 90
2 consecutive trading days; and

3 (2) gas production from marginal properties as
4 prescribed in subsection (c) when the spot price of
5 natural gas delivered at Henry Hub, Louisiana, is,
6 on average, less than \$2.00 per million British ther-
7 mal units for 90 consecutive trading days.

8 (c) REDUCED ROYALTY RATE.—

9 (1) IN GENERAL.—When a marginal property
10 meets the conditions specified in subsection (b), the
11 royalty rate shall be the lesser of—

12 (A) 5 percent; or

13 (B) the applicable rate under any other
14 statutory or regulatory royalty relief provision
15 that applies to the affected production.

16 (2) PERIOD OF EFFECTIVENESS.—The reduced
17 royalty rate under this subsection shall be effective
18 beginning on the first day of the production month
19 following the date on which the applicable condition
20 specified in subsection (b) is met.

21 (d) TERMINATION OF REDUCED ROYALTY RATE.—

22 A royalty rate prescribed in subsection (d)(1)(A) shall
23 terminate—

1 (1) with respect to oil production from a mar-
2 ginal property, on the first day of the production
3 month following the date on which—

4 (A) the spot price of West Texas Inter-
5 mediate crude oil at Cushing, Oklahoma, on av-
6 erage, exceeds \$15 per barrel for 90 consecutive
7 trading days, or

8 (B) the property no longer qualifies as a
9 marginal property; and

10 (2) with respect to gas production from a mar-
11 ginal property, on the first day of the production
12 month following the date on which—

13 (A) the spot price of natural gas delivered
14 at Henry Hub, Louisiana, on average, exceeds
15 \$2.00 per million British thermal units for 90
16 consecutive trading days; or

17 (B) the property no longer qualifies as a
18 marginal property.

19 (e) REGULATIONS PRESCRIBING DIFFERENT RE-
20 LIEF.—

21 (1) DISCRETIONARY REGULATIONS.—The Sec-
22 retary, after consultation with the Secretary of En-
23 ergy, may by regulation prescribe different param-
24 eters, standards, and requirements for, and a dif-
25 ferent degree or extent of, royalty relief for marginal

1 properties in lieu of those prescribed in subsections
2 (a) through (d).

3 (2) MANDATORY REGULATIONS.—Not later
4 than 1 year after the date of enactment of this Act,
5 the Secretary, after consultation with the Secretary
6 of Energy, shall by regulation—

7 (A) prescribe standards and requirements
8 for, and the extent of royalty relief for, mar-
9 ginal properties for oil and gas leases on the
10 outer Continental Shelf; and

11 (B) define what constitutes a marginal
12 property on the outer Continental Shelf for pur-
13 poses of this section.

14 (3) CONSIDERATIONS.—In promulgating regu-
15 lations under this subsection, the Secretary may
16 consider—

17 (A) oil and gas prices and market trends;

18 (B) production costs;

19 (C) abandonment costs;

20 (D) Federal and State tax provisions and
21 the effects of those provisions on production ec-
22 onomics;

23 (E) other royalty relief programs;

24 (F) regional differences in average well-
25 head prices;

1 (G) national energy security issues; and

2 (H) other relevant matters.

3 (f) SAVINGS PROVISION.—Nothing in this section
4 prevents a lessee from receiving royalty relief or a royalty
5 reduction pursuant to any other law (including a regula-
6 tion) that provides more relief than the amounts provided
7 by this section.

8 **SEC. ____14. COMPREHENSIVE INVENTORY OF OCS OIL AND**
9 **NATURAL GAS RESOURCES.**

10 (a) IN GENERAL.—The Secretary shall conduct an
11 inventory and analysis of oil and natural gas resources be-
12 neath all of the waters of the United States outer Conti-
13 nental Shelf (referred to in this section as the “OCS”).
14 The inventory and analysis shall—

15 (1) use available data on oil and gas resources
16 in areas offshore of Mexico and Canada that will
17 provide information on trends of oil and gas accu-
18 mulation in areas of the OCS;

19 (2) use any available technology, except drilling,
20 but including 3-dimensional seismic technology to
21 obtain accurate resources estimates;

22 (3) analyze how resource estimates in OCS
23 areas have changed over time in regard to gathering
24 geological and geophysical data, initial exploration,

1 or full field development, including areas such as the
2 deepwater and subsalt areas in the Gulf of Mexico;

3 (4) estimate the effect that understated oil and
4 gas resource inventories have on domestic energy in-
5 vestments; and

6 (5) identify and explain how legislative, regu-
7 latory, and administrative programs or processes re-
8 strict or impede the development of identified re-
9 sources and the extent to which the programs or
10 processes affect domestic supply, such as moratoria,
11 lease terms and conditions, operational stipulations
12 and requirements, approval delays by the Federal
13 Government and coastal states, and local zoning re-
14 strictions for onshore processing facilities and pipe-
15 line landings.

16 (b) REPORTS.—Not later than 180 days after the
17 date of enactment of this Act, the Secretary shall submit
18 to the Congress a report on the inventory of estimates and
19 the analysis of restrictions or impediments, together with
20 any recommendations. The report shall be publicly avail-
21 able and shall be updated at least every 5 years.

1 **SEC. ____15. INCENTIVES FOR NATURAL GAS PRODUCTION**
2 **FROM DEEP WELLS IN THE SHALLOW WA-**
3 **TERS OF THE GULF OF MEXICO.**

4 (a) ROYALTY INCENTIVE REGULATIONS.—Not later
5 than 90 days after the date of enactment of this Act, the
6 Secretary shall promulgate final regulations providing roy-
7 alty incentives for natural gas produced from deep wells
8 (as defined by the Secretary) on oil and gas leases issued
9 under the Outer Continental Shelf Lands Act (43 U.S.C.
10 1331 et seq.) before January 1, 2001, in shallow waters
11 less than 200 meters deep located in the Gulf of Mexico
12 wholly west of 87 degrees, 30 minutes West longitude.

13 (b) ROYALTY INCENTIVE REGULATIONS FOR ULTRA
14 DEEP GAS WELLS.—

15 (1) IN GENERAL.—Not later than 90 days after
16 the date of enactment of this Act, in addition to any
17 other regulations that may provide royalty incentives
18 for natural gas produced from deep wells on oil and
19 gas leases issued pursuant to the Outer Continental
20 Shelf Lands Act (43 U.S.C. 1331 et seq.), the Sec-
21 retary shall promulgate regulations granting royalty
22 relief suspension volumes of not less than
23 35,000,000,000 cubic feet with respect to the pro-
24 duction of natural gas from ultra deep wells on
25 leases issued before January 1, 2001, in shallow wa-
26 ters less than 200 meters deep located in the Gulf

1 of Mexico wholly west of 87 degrees, 30 minutes
2 West longitude.

3 (2) DEFINITION OF ULTRA DEEP WELL.—In
4 this subsection, the term “ultra deep well” means a
5 well drilled with a perforated interval, the top of
6 which is at least 20,000 feet true vertical depth
7 below the datum at mean sea level.

8 (3) LIMITATION.—The Secretary shall not
9 grant the royalty incentives under this subsection if
10 the average annual NYMEX natural gas price ex-
11 ceeds for 1 full calendar year the threshold price of
12 \$5 per million Btu, adjusted from the year 2000 for
13 inflation.

14 (4) CESSATION OF EFFECTIVENESS.—This sub-
15 section ceases to be effective on the date that is 5
16 years after the date of enactment of this Act.

17 **SEC. ____16. ROYALTY RELIEF FOR DEEP WATER PRODUC-**
18 **TION.**

19 For all tracts located in water depths of greater than
20 400 meters in the Western and Central Planning Area of
21 the Gulf of Mexico, including the portion of the Eastern
22 Planning Area of the Gulf of Mexico encompassing whole
23 lease blocks lying west of 87 degrees, 30 minutes West
24 longitude, any oil or gas lease sale under the Outer Conti-
25 nental Shelf Lands Act (43 U.S.C. 1331 et seq.) occurring

1 within 5 years after the date of enactment of this Act shall
2 use the bidding system authorized in section 8(a)(1)(H)
3 of the Outer Continental Shelf Lands Act (43 U.S.C.
4 1337(a)(1)(H)), except that the suspension of royalties
5 shall be set at a volume of not less than—

6 (1) 5,000,000 barrels of oil equivalent for each
7 lease in water depths of 400 to 800 meters;

8 (2) 9,000,000 barrels of oil equivalent for each
9 lease in water depths of 800 to 1,600 meters; and

10 (3) 12,000,000 barrels of oil equivalent for each
11 lease in water depths greater than 1,600 meters.

12 **SEC. ____17. ALASKA OFFSHORE ROYALTY SUSPENSION.**

13 Section 8(a)(3)(B) of the Outer Continental Shelf
14 Lands Act (43 U.S.C. 1337(a)(3)(B)) is amended by in-
15 serting “and in the Planning Areas offshore Alaska” after
16 “West longitude”.

17 **SEC. ____18. OIL AND GAS LEASING IN THE NATIONAL PE-**
18 **TROLEUM RESERVE IN ALASKA.**

19 (a) **TRANSFER OF AUTHORITY.—**

20 (1) **REDESIGNATION.—**The Naval Petroleum
21 Reserves Production Act of 1976 (42 U.S.C. 6501
22 et seq.) is amended by redesignating section 107 (42
23 U.S.C. 6507) as section 108.

24 (2) **TRANSFER.—**The matter under the heading
25 “EXPLORATION OF NATIONAL PETROLEUM RESERVE

1 IN ALASKA” under the heading “ENERGY AND
2 MINERALS” of title I of Public Law 96-514 (42
3 U.S.C. 6508) is—

4 (A) transferred to the Naval Petroleum
5 Reserves Production Act of 1976 (42 U.S.C.
6 6501 et seq.);

7 (B) redesignated as section 107 of that
8 Act; and

9 (C) moved so as to appear after section
10 106 of that Act (42 U.S.C. 6506).

11 (b) COMPETITIVE LEASING.—Section 107 of the
12 Naval Petroleum Reserves Production Act of 1976 (as
13 amended by subsection (a) of this section) is amended—

14 (1) by striking the heading and all that follows
15 through “*Provided, That* (1) activities” and insert-
16 ing the following:

17 **“SEC. 107. COMPETITIVE LEASING OF OIL AND GAS.**

18 “(a) IN GENERAL.—Notwithstanding any other pro-
19 vision of law and pursuant to regulations promulgated by
20 the Secretary, the Secretary shall conduct an expeditious
21 program of competitive leasing of oil and gas in the Na-
22 tional Petroleum Reserve in Alaska (referred to in this
23 section as the ‘Reserve’).

24 “(b) MITIGATION OF ADVERSE EFFECTS.—(1) Ac-
25 tivities”;

1 (2) by striking “Alaska (the Reserve); (2) the”
2 and inserting “Alaska.

3 “(2) Pursuant to section 402.14(k) of title 50, Code
4 of Federal Regulations, the Bureau of Land Management,
5 the Fish and Wildlife Service, and the National Oceanic
6 and Atmospheric Administration are authorized to comply
7 with the consultation requirements of section 7 of the En-
8 dangered Species Act of 1973 (16 U.S.C.1536) in incre-
9 mental steps for oil and gas leasing, exploration, and de-
10 velopment within the Reserve. Nothing in this section di-
11 minishes or otherwise limits the Secretary’s responsibil-
12 ities under the Endangered Species Act of 1973.

13 “(c) LAND USE PLANNING; BLM WILDERNESS
14 STUDY.—The”;

15 (3) by striking “Reserve; (3) the” and inserting
16 “Reserve.

17 “(d) FIRST LEASE SALE.—The”;

18 (4) by striking “4332); (4) the” and inserting
19 “4321 et seq.).

20 “(e) WITHDRAWALS.—The”;

21 (5) by striking “herein; (5) bidding” and insert-
22 ing “under this section.

23 “(f) BIDDING SYSTEMS.—Bidding”;

24 (6) by striking “629); (6) lease” and inserting
25 “629).

1 “(g) GEOLOGICAL STRUCTURES.—Lease”;

2 (7) by striking “structures; (7) the” and insert-
3 ing “structures.

4 “(h) SIZE OF LEASE TRACTS.—The”;

5 (8) by striking “Secretary; (8)” and all that fol-
6 lows through “Drilling, production,” and inserting
7 “Secretary.

8 “(i) TERMS.—

9 “(1) IN GENERAL.—Each lease shall be—

10 “(A) issued for an initial period of not
11 more than 10 years; and

12 “(B) renewed for successive 10-year terms
13 if—

14 “(i) oil or gas is produced from the
15 lease in paying quantities; or

16 “(ii) drilling or reworking operations,
17 as approved by the Secretary, are con-
18 ducted on the leased land.

19 “(2) RENEWAL OF NONPRODUCING LEASES.—

20 The Secretary shall renew for successive 10 year-
21 terms a lease that does not meet the requirements
22 of paragraph (1)(B) if the lessee submits to the Sec-
23 retary an application for renewal not later than 60
24 days before the expiration of the primary lease
25 and—

1 “(A) the lessee certifies, and the Secretary
2 agrees that, hydrocarbon resources were discov-
3 ered on 1 or more wells drilled on the leased
4 land in such quantities that a prudent operator
5 would hold the lease for potential future devel-
6 opment;

7 “(B) the lessee—

8 “(i) pays the Secretary a renewal fee
9 of \$100 per acre of leased land; and

10 “(ii) provides evidence, and the Sec-
11 retary agrees that, the lessee has diligently
12 pursued exploration that warrants continu-
13 ation with the intent of continued explo-
14 ration or future development of the leased
15 land; or

16 “(C) all or part of the lease—

17 “(i) is part of a unit agreement cov-
18 ering leases described in subparagraph (A);
19 and

20 “(ii) has not been previously con-
21 tracted out of the unit.

22 “(3) SHARING OF INFORMATION.—

23 “(A) IN GENERAL.—Subject to subpara-
24 graph (B), in the case of land owned by the
25 State of Alaska or a Regional Corporation (as

1 defined in section 3 of the Alaska Native
2 Claims Settlement Act (43 U.S.C. 1602)) that
3 is adjacent to land for which a lease is ex-
4 tended, or a unit agreement formed or ex-
5 panded, under this section, the Secretary may
6 share with the State and the Regional
7 Corporation—

8 “(i) any confidential data and infor-
9 mation possessed by the Secretary relating
10 to the land; and

11 “(ii) any interpretation or appraisal
12 possessed by the Secretary relating to the
13 oil and gas potential of the land.

14 “(B) CONDITIONS.—Subparagraph (A) ap-
15 plies if—

16 “(i) the lessee approves the sharing of
17 data and information under subparagraph
18 (A); and

19 “(ii) the State or Regional Corpora-
20 tion (as applicable) enters into a written
21 nondisclosure agreement with the Sec-
22 retary with respect to the information.

23 “(4) APPLICABILITY.—This subsection applies
24 to a lease that—

1 “(A) is entered into before, on, or after the
2 date of enactment of the **【Energy Policy Act of**
3 **2003】**; and

4 “(B) is effective on or after the date of en-
5 actment of that Act.

6 “(j) UNIT AGREEMENTS.—

7 “(1) IN GENERAL.—For the purpose of con-
8 servation of the natural resources of all or part of
9 any oil or gas pool, field, reservoir, or like area, les-
10 sees (including representatives) of the pool, field,
11 reservoir, or like area may unite with each other, or
12 jointly or separately with others, in collectively
13 adopting and operating under a unit agreement for
14 all or part of the pool, field, reservoir, or like area
15 (whether or not any other part of the oil or gas pool,
16 field, reservoir, or like area is already subject to any
17 cooperative or unit plan of development or oper-
18 ation), if the Secretary determines the action to be
19 necessary or advisable in the public interest.

20 “(2) PARTICIPATION BY STATE OF ALASKA.—

21 The Secretary shall consult with the State of Alaska
22 concerning creation and management of units
23 formed or expanded under this subsection that in-
24 clude acreage in which the State of Alaska has an
25 interest in the mineral estate.

1 “(3) PARTICIPATION BY REGIONAL CORPORA-
2 TIONS.—The Secretary shall consult with any Re-
3 gional Corporation (as defined in section 3 of the
4 Alaska Native Claims Settlement Act (43 U.S.C.
5 1602)) concerning creation and management of
6 units that include acreage in which the Regional
7 Corporation has an interest in the mineral estate.

8 “(4) PRODUCTION ALLOCATION METHODOLOGY.—A production allocation methodology for
9 each participating area within a unit created for
10 land in the Reserve, State of Alaska land, or Re-
11 gional Corporation land shall be based on the char-
12 acteristics of each specific oil or gas pool, field, res-
13 ervoir, or like area to take into account reservoir
14 heterogeneity and a real variation in reservoir
15 producibility across diverse leasehold interests.

17 “(5) BENEFIT OF OPERATIONS.—Drilling, pro-
18 duction,”;

19 (9) by striking “When separate” and inserting
20 the following:

21 “(6) POOLING.—If separate”;

22 (10) by inserting “(in consultation with the
23 owners of the other land)” after “determined by the
24 Secretary of the Interior”;

1 (11) by striking “thereto; (10) to” and all that
2 follows through “the terms provided therein” and in-
3 serting “to the agreement.

4 “(k) EXPLORATION INCENTIVES.—

5 “(1) IN GENERAL.—

6 “(A) WAIVER, SUSPENSION, OR REDUC-
7 TION.—To encourage the greatest ultimate re-
8 covery of oil or gas or in the interest of con-
9 servation, the Secretary may waive, suspend, or
10 reduce the rental fees or minimum royalty, or
11 reduce the royalty on an entire leasehold (in-
12 cluding on any lease operated pursuant to a
13 unit agreement), if (after consultation with the
14 State of Alaska and the concurrence of any Re-
15 gional Corporation for leases that include lands
16 available for acquisition by the Regional Cor-
17 poration under the provisions of section 1431(o)
18 of the Alaska National Interest Lands Con-
19 servation Act (16 U.S.C. 3101 et seq.)) the
20 Secretary determines that the waiver, suspen-
21 sion, or reduction is in the public interest.

22 “(B) APPLICABILITY.—This paragraph ap-
23 plies to a lease that—

1 “(i) is entered into before, on, or after
2 the date of enactment of the **【Energy Pol-**
3 **icy Act of 2003】**; and

4 “(ii) is effective on or after the date
5 of enactment of that Act.”;

6 (12) by striking “The Secretary is authorized
7 to” and inserting the following:

8 “(2) SUSPENSION OF OPERATIONS AND PRO-
9 Duction.—The Secretary may”;

10 (13) by striking “In the event” and inserting
11 the following:

12 “(3) SUSPENSION OF PAYMENTS.—If”;

13 (14) by striking “thereto; and (11) all” and in-
14 serting “to the lease.

15 “(l) RECEIPTS.—All”;

16 (15) by redesignating clauses (A), (B), and (C)
17 as clauses (1), (2), and (3), respectively;

18 (16) by striking “Any agency” and inserting
19 the following:

20 “(m) EXPLORATIONS.—Any agency”;

21 (17) by striking “Any action” and inserting the
22 following:

23 “(n) ENVIRONMENTAL IMPACT STATEMENTS.—

24 “(1) JUDICIAL REVIEW.—Any action”;

1 (18) by striking “The detailed” and inserting
2 the following:

3 “(2) INITIAL LEASE SALES.—The detailed”;

4 (19) by striking “of the Naval Petroleum Re-
5 serves Production Act of 1976 (90 Stat. 304; 42
6 U.S.C. 6504)”;

7 (20) by adding at the end the following:

8 “(o) WAIVER OF ADMINISTRATION FOR CONVEYED
9 LANDS.—Notwithstanding section 14(g) of the Alaska
10 Native Claims Settlement Act (43 U.S.C. 1613) or any
11 other provision of law—

12 “(1) the Secretary of the Interior shall waive
13 administration of any oil and gas lease insofar as
14 such lease covers any land in the National Petro-
15 leum Reserve in Alaska in which the subsurface es-
16 tate is conveyed to the Arctic Slope Regional Cor-
17 poration; and

18 “(2) if any such conveyance of such subsurface
19 estate does not cover all the land embraced within
20 any such oil and gas lease—

21 “(A) the person who owns the subsurface
22 estate in any particular portion of the land cov-
23 ered by such lease shall be entitled to all of the
24 revenues reserved under such lease as to such
25 portion, including, without limitation, all the

1 royalty payable with respect to oil or gas pro-
2 duced from such particular portion of the land
3 covered by such lease; and

4 “(B) the Secretary of the Interior shall
5 segregate such lease into 2 leases, one of which
6 shall cover only the subsurface estate conveyed
7 to the Arctic Slope Regional Corporation, and
8 operations, production, or other circumstances
9 (other than payment of rentals or royalties)
10 that satisfy obligations of the lessee under, or
11 maintain, either of the segregated leases shall
12 likewise satisfy obligations of the lessee under,
13 or maintain, the other segregated lease to the
14 same extent as if such segregated leases re-
15 mained a part of the original unsegregated
16 lease.”.

17 **SEC. ____19. ORPHANED, ABANDONED, OR IDLED WELLS ON**
18 **FEDERAL LAND.**

19 (a) IN GENERAL.—The Secretary, in cooperation
20 with the Secretary of Agriculture, shall establish a pro-
21 gram within 1 year after the date of enactment of this
22 Act to remediate, reclaim, and close orphaned, abandoned,
23 or idled oil and gas wells located on land administered by
24 the land management agencies within the Department of
25 the Interior and the Department of Agriculture.

1 (b) ACTIVITIES.—The program under subsection (a)
2 shall—

3 (1) include a means of ranking orphaned, aban-
4 doned, or idled wells sites for priority in remedi-
5 ation, reclamation, and closure, based on public
6 health and safety, potential environmental harm,
7 and other land use priorities;

8 (2) provide for identification and recovery of
9 the costs of remediation, reclamation, and closure
10 from persons or other entities currently providing a
11 bond or other financial assurance required under
12 State or Federal law for an oil or gas well that is
13 orphaned, abandoned or idled; and

14 (3) provide for recovery from the persons or en-
15 tities identified under paragraph (2), or their sure-
16 ties or guarantors, of the costs of remediation, rec-
17 lamation, and closure of such wells.

18 (c) COOPERATION AND CONSULTATIONS.—In car-
19 rying out the program under subsection (a), the Secretary
20 shall—

21 (1) work cooperatively with the Secretary of Ag-
22 riculture and the States within which Federal land
23 is located; and

24 (2) consult with the Secretary of Energy and
25 the Interstate Oil and Gas Compact Commission.

1 (d) PLAN.—Within 1 year after the date of enact-
2 ment of this Act, the Secretary, in cooperation with the
3 Secretary of Agriculture, shall submit to the Congress a
4 plan for carrying out the program under subsection (a).

5 (e) IDLED WELL.—For the purposes of this section,
6 a well is idled if—

7 (1) the well has been nonoperational for at least
8 7 years; and

9 (2) there is no anticipated beneficial use for the
10 well.

11 (f) TECHNICAL ASSISTANCE PROGRAM FOR NON-
12 FEDERAL LAND.—

13 (1) IN GENERAL.—The Secretary of Energy
14 shall establish a program to provide technical and fi-
15 nancial assistance to oil and gas producing States to
16 facilitate State efforts over a 10-year period to en-
17 sure a practical and economical remedy for environ-
18 mental problems caused by orphaned or abandoned
19 oil and gas exploration or production well sites on
20 State or private land.

21 (2) ASSISTANCE.—The Secretary of Energy
22 shall work with the States, through the Interstate
23 Oil and Gas Compact Commission, to assist the
24 States in quantifying and mitigating environmental

1 risks of onshore orphaned or abandoned oil or gas
2 wells on State and private land.

3 (3) ACTIVITIES.—The program under para-
4 graph (1) shall include—

5 (A) mechanisms to facilitate identification,
6 if feasible, of the persons currently providing a
7 bond or other form of financial assurance re-
8 quired under State or Federal law for an oil or
9 gas well that is orphaned or abandoned;

10 (B) criteria for ranking orphaned or aban-
11 doned well sites based on factors such as public
12 health and safety, potential environmental
13 harm, and other land use priorities;

14 (C) information and training programs on
15 best practices for remediation of different types
16 of sites; and

17 (D) funding of State mitigation efforts on
18 a cost-shared basis.

19 (g) FEDERAL REIMBURSEMENT FOR ORPHANED
20 WELL RECLAMATION PILOT PROGRAM.—

21 (1) REIMBURSEMENT FOR RECLAIMING WELLS
22 ON LAND SUBJECT TO A NEW LEASE.—The Sec-
23 retary shall carry out a pilot program under which,
24 in issuing a new oil and gas lease on federally owned

1 land on which 1 or more orphaned wells are located,
2 the Secretary—

3 (A) may require, as a condition of the
4 lease, that the lessee reclaim, in accordance
5 with standards established by the Secretary, all
6 orphaned wells on the land leased; and

7 (B) shall develop a program to reimburse
8 a lessee, through a royalty credit or other
9 means, for the reasonable actual costs of re-
10 claiming the orphaned well pursuant to that re-
11 quirement.

12 (2) REIMBURSEMENT FOR RECLAIMING OR-
13 PHANED WELLS ON OTHER LAND.—In carrying out
14 this subsection, the Secretary—

15 (A) may authorize any lessee under an oil
16 and gas lease on federally owned land to re-
17 claim in accordance with the Secretary's
18 standards—

19 (i) an orphaned well on unleased fed-
20 erally owned land or unleased land on the
21 outer Continental Shelf; or

22 (ii) an orphaned well located on an ex-
23 isting lease on federally owned land or the
24 outer Continental Shelf for the reclamation

1 of which the lessee is not legally respon-
2 sible; and

3 (B) shall develop a program to provide re-
4 imbursement of 115 percent of the reasonable
5 actual costs of reclaiming the orphaned well,
6 though royalty credits or other means.

7 (3) PROTECTION AGAINST LIABILITY.—No per-
8 son that reclaims an orphaned well under this sub-
9 section shall be liable under any provision of Federal
10 law for any costs or damages as a result of action
11 taken or omitted in the course of carrying out a rec-
12 lamation plan approved by the Secretary under this
13 subsection. This subsection does not preclude liabil-
14 ity for costs or damages as a result of gross neg-
15 ligence or intentional misconduct by the person car-
16 rying out an approved reclamation plan. For pur-
17 poses of the preceding sentence, reckless, willful, or
18 wanton misconduct shall constitute gross negligence.

19 (4) REGULATIONS.—The Secretary may pro-
20 mulgate such regulations as are appropriate to carry
21 out this subsection.

22 (h) AUTHORIZATION OF APPROPRIATIONS.—

23 (1) IN GENERAL.—There is authorized to be
24 appropriated to carry out this section \$25,000,000
25 for each of fiscal years 2005 through 2009.

1 (2) USE.—Of the amounts authorized under
2 paragraph (1), \$5,000,000 is authorized for each fis-
3 cal year for activities under subsection (f).

4 **SEC. ____20. COMBINED HYDROCARBON LEASING.**

5 (a) SPECIAL PROVISIONS REGARDING LEASING.—
6 Section 17(b)(2) of the Mineral Leasing Act (30 U.S.C.
7 226(b)(2)) is amended—

8 (1) by inserting “(A)” after “(2)”; and

9 (2) by adding at the end the following:

10 “(B) For any area that contains any combination of
11 tar sand and oil or gas (or both), the Secretary may issue
12 under this Act, separately—

13 “(i) a lease for exploration for and extraction of
14 tar sand; and

15 “(ii) a lease for exploration for and development
16 of oil and gas.

17 “(C) A lease issued for tar sand shall be issued using
18 the same bidding process, annual rental, and posting pe-
19 riod as a lease issued for oil and gas, except that the min-
20 imum acceptable bid required for a lease issued for tar
21 sand shall be \$2 per acre.

22 “(D) The Secretary may waive, suspend, or alter any
23 requirement under section 26 that a permittee under a
24 permit authorizing prospecting for tar sand must exercise

1 due diligence, to promote any resource covered by a com-
2 bined hydrocarbon lease.”.

3 (b) CONFORMING AMENDMENT.—Section
4 17(b)(1)(B) of the Mineral Leasing Act (30 U.S.C.
5 226(b)(1)(B)) is amended in the second sentence by in-
6 serting “, subject to paragraph (2)(B),” after “Sec-
7 retary”.

8 (c) REGULATIONS.—Within 45 days after the date of
9 enactment of this Act, the Secretary shall issue final regu-
10 lations to implement this section.

11 **SEC. ____ 21. LIQUIFIED NATURAL GAS.**

12 Section 3 of the Natural Gas Act (15 U.S.C. 717b)
13 is amended by adding at the end the following:

14 “(d) LIMITATION ON COMMISSION AUTHORITY.—If
15 an applicant under this section proposes to construct or
16 expand a liquefied natural gas terminal either onshore or
17 in State waters for the purpose of importing liquefied nat-
18 ural gas into the United States, the Commission shall not
19 deny or condition the application solely on the basis that
20 the applicant proposes to utilize the terminal exclusively
21 or partially for gas that the applicant or any affiliate
22 thereof will supply thereto. In all other respects, sub-
23 section (a) shall remain applicable to any such proposal.”.

1 **SEC. ____22. ALTERNATE ENERGY-RELATED USES ON THE**
2 **OUTER CONTINENTAL SHELF.**

3 (a) AMENDMENT TO OUTER CONTINENTAL SHELF
4 LANDS ACT.—Section 8 of the Outer Continental Shelf
5 Lands Act (43 U.S.C. 1337) is amended by adding at the
6 end the following:

7 “(p) EASEMENTS OR RIGHTS-OF-WAY FOR ENERGY
8 AND RELATED PURPOSES.—

9 “(1) IN GENERAL.—The Secretary, in consulta-
10 tion with the Secretary of the Department in which
11 the Coast Guard is operating and other relevant de-
12 partments and agencies of the Federal Government,
13 may grant an easement or right-of-way on the outer
14 Continental Shelf for activities not otherwise author-
15 ized in this Act, the Deepwater Port Act of 1974
16 (33 U.S.C. 1501 et seq.), or the Ocean Thermal En-
17 ergy Conversion Act of 1980 (42 U.S.C. 9101 et
18 seq.), or other applicable law, if those activities—

19 “(A) support exploration, development,
20 production, transportation, or storage of oil,
21 natural gas, or other minerals;

22 “(B) produce or support production, trans-
23 portation, or transmission of energy from
24 sources other than oil and gas; or

1 “(C) use, for energy-related purposes, fa-
2 cilities currently or previously used for activities
3 authorized under this Act.

4 “(2) PAYMENTS.—The Secretary shall establish
5 reasonable forms of annual or 1-time payments for
6 any easement or right-of-way granted under this
7 subsection. Such payments shall not be assessed on
8 the basis of throughput or production. The Secretary
9 may establish fees, rentals, bonus, or other payments
10 by rule or by agreement with the party to which the
11 easement or right-of-way is granted.

12 “(3) CONSULTATION.—Before exercising au-
13 thority under this subsection, the Secretary shall
14 consult with the Secretary of Defense and other ap-
15 propriate agencies concerning issues related to na-
16 tional security and navigational obstruction.

17 “(4) COMPETITIVE OR NONCOMPETITIVE
18 BASIS.—

19 “(A) IN GENERAL.—The Secretary may
20 issue an easement or right-of-way for energy
21 and related purposes as described in paragraph
22 (1) on a competitive or noncompetitive basis.

23 “(B) CONSIDERATIONS.—In determining
24 whether an easement or right-of-way shall be

1 granted competitively or noncompetitively, the
2 Secretary shall consider such factors as—

3 “(i) prevention of waste and conserva-
4 tion of natural resources;

5 “(ii) the economic viability of an en-
6 ergy project;

7 “(iii) protection of the environment;

8 “(iv) the national interest and na-
9 tional security;

10 “(v) human safety;

11 “(vi) protection of correlative rights;

12 and

13 “(vii) potential return for the ease-
14 ment or right-of-way.

15 “(5) REGULATIONS.—The Secretary, in con-
16 sultation with the Secretary of the Department in
17 which the Coast Guard is operating and other rel-
18 evant agencies of the Federal Government and af-
19 fected States, shall promulgate any necessary regula-
20 tions to ensure safety, protection of the environment,
21 prevention of waste, and conservation of the natural
22 resources of the outer Continental Shelf, protection
23 of national security interests, and protection of cor-
24 relative rights in the outer Continental Shelf.

1 “(6) SECURITY.—The Secretary shall require
2 the holder of an easement or right-of-way granted
3 under this subsection to furnish a surety bond or
4 other form of security, as prescribed by the Sec-
5 retary, and to comply with such other requirements
6 as the Secretary considers necessary to protect the
7 interests of the United States.

8 “(7) EFFECT OF SUBSECTION.—Nothing in this
9 subsection displaces, supersedes, limits, or modifies
10 the jurisdiction, responsibility, or authority of any
11 Federal or State agency under any other Federal
12 law.

13 “(8) APPLICABILITY.—This subsection does not
14 apply to any area on the outer Continental Shelf
15 designated as a National Marine Sanctuary.”.

16 (b) CONFORMING AMENDMENT.—Section 8 of the
17 Outer Continental Shelf Lands Act (43 U.S.C. 1337) is
18 amended by striking the section heading and inserting the
19 following: “LEASES, EASEMENTS, AND RIGHTS-OF-WAY
20 ON THE OUTER CONTINENTAL SHELF.—”.

21 **SEC. ____ 23. PRESERVATION OF GEOLOGICAL AND GEO-**
22 **PHYSICAL DATA.**

23 (a) SHORT TITLE.—This section may be cited as the
24 “National Geological and Geophysical Data Preservation
25 Program Act of 2003”.

1 (b) PROGRAM.—The Secretary shall carry out a Na-
2 tional Geological and Geophysical Data Preservation Pro-
3 gram in accordance with this section—

4 (1) to archive geologic, geophysical, and engi-
5 neering data, maps, well logs, and samples;

6 (2) to provide a national catalog of such archi-
7 val material; and

8 (3) to provide technical and financial assistance
9 related to the archival material.

10 (c) PLAN.—Not later than 1 year after the date of
11 enactment of this Act, the Secretary shall submit to the
12 Congress a plan for the implementation of the Program.

13 (d) DATA ARCHIVE SYSTEM.—

14 (1) ESTABLISHMENT.—The Secretary shall es-
15 tablish, as a component of the Program, a data ar-
16 chive system to provide for the storage, preservation,
17 and archiving of subsurface, surface, geological, geo-
18 physical, and engineering data and samples. The
19 Secretary, in consultation with the Advisory Com-
20 mittee, shall develop guidelines relating to the data
21 archive system, including the types of data and sam-
22 ples to be preserved.

23 (2) SYSTEM COMPONENTS.—The system shall
24 be comprised of State agencies that elect to be part
25 of the system and agencies within the Department

1 of the Interior that maintain geological and geo-
2 physical data and samples that are designated by
3 the Secretary in accordance with this subsection.
4 The Program shall provide for the storage of data
5 and samples through data repositories operated by
6 such agencies.

7 (3) LIMITATION OF DESIGNATION.—The Sec-
8 retary may not designate a State agency as a com-
9 ponent of the data archive system unless that agency
10 is the agency that acts as the geological survey in
11 the State.

12 (4) DATA FROM FEDERAL LAND.—The data ar-
13 chive system shall provide for the archiving of rel-
14 evant subsurface data and samples obtained from
15 Federal land—

16 (A) in the most appropriate repository des-
17 igned under paragraph (2), with preference
18 being given to archiving data in the State in
19 which the data were collected; and

20 (B) consistent with all applicable law and
21 requirements relating to confidentiality and pro-
22 prietary data.

23 (e) NATIONAL CATALOG.—

24 (1) IN GENERAL.—As soon as practicable after
25 the date of enactment of this Act, the Secretary

1 shall develop and maintain, as a component of the
2 Program, a national catalog that identifies—

3 (A) data and samples available in the data
4 archive system established under subsection (d);

5 (B) the repository for particular material
6 in the system; and

7 (C) the means of accessing the material.

8 (2) AVAILABILITY.—The Secretary shall make
9 the national catalog accessible to the public on the
10 site of the Survey on the Internet, consistent with all
11 applicable requirements related to confidentiality
12 and proprietary data.

13 (f) ADVISORY COMMITTEE.—

14 (1) IN GENERAL.—The Advisory Committee
15 shall advise the Secretary on planning and imple-
16 mentation of the Program.

17 (2) NEW DUTIES.—In addition to its duties
18 under the National Geologic Mapping Act of 1992
19 (43 U.S.C. 31a et seq.), the Advisory Committee
20 shall perform the following duties:

21 (A) Advise the Secretary on developing
22 guidelines and procedures for providing assist-
23 ance for facilities under subsection (g)(1).

1 (B) Review and critique the draft imple-
2 mentation plan prepared by the Secretary under
3 subsection (c).

4 (C) Identify useful studies of data archived
5 under the Program that will advance under-
6 standing of the Nation's energy and mineral re-
7 sources, geologic hazards, and engineering geol-
8 ogy.

9 (D) Review the progress of the Program in
10 archiving significant data and preventing the
11 loss of such data, and the scientific progress of
12 the studies funded under the Program.

13 (E) Include in the annual report to the
14 Secretary required under section 5(b)(3) of the
15 National Geologic Mapping Act of 1992 (43
16 U.S.C. 31d(b)(3)) an evaluation of the progress
17 of the Program toward fulfilling the purposes of
18 the Program under subsection (b).

19 (g) FINANCIAL ASSISTANCE.—

20 (1) ARCHIVE FACILITIES.—Subject to the avail-
21 ability of appropriations, the Secretary shall provide
22 financial assistance to a State agency that is des-
23 ignated under subsection (d)(2) for providing facili-
24 ties to archive energy material.

1 (2) STUDIES.—Subject to the availability of ap-
2 propriations, the Secretary shall provide financial as-
3 sistance to any State agency designated under sub-
4 section (d)(2) for studies and technical assistance
5 activities that enhance understanding, interpreta-
6 tion, and use of materials archived in the data ar-
7 chive system established under subsection (d).

8 (3) FEDERAL SHARE.—The Federal share of
9 the cost of an activity carried out with assistance
10 under this subsection shall be not more than 50 per-
11 cent of the total cost of the activity.

12 (4) PRIVATE CONTRIBUTIONS.—The Secretary
13 shall apply to the non-Federal share of the cost of
14 an activity carried out with assistance under this
15 subsection the value of private contributions of prop-
16 erty and services used for that activity.

17 (h) REPORT.—The Secretary shall include in each re-
18 port under section 8 of the National Geologic Mapping Act
19 of 1992 (43 U.S.C. 31g)—

20 (1) a description of the status of the Program;

21 (2) an evaluation of the progress achieved in
22 developing the Program during the period covered by
23 the report; and

24 (3) any recommendations for legislative or other
25 action the Secretary considers necessary and appro-

1 piate to fulfill the purposes of the Program under
2 subsection (b).

3 (i) MAINTENANCE OF STATE EFFORT.—It is the in-
4 tent of the Congress that the States not use this section
5 as an opportunity to reduce State resources applied to the
6 activities that are the subject of the Program.

7 (j) DEFINITIONS.—In this section:

8 (1) ADVISORY COMMITTEE.—The term “Advi-
9 sory Committee” means the advisory committee es-
10 tablished under section 5 of the National Geologic
11 Mapping Act of 1992 (43 U.S.C. 31d).

12 (2) SECRETARY.—The term “Secretary” means
13 the Secretary of the Interior, acting through the Di-
14 rector of the United States Geological Survey.

15 (3) PROGRAM.—The term “Program” means
16 the National Geological and Geophysical Data Pres-
17 ervation Program carried out under this section.

18 (4) SURVEY.—The term “Survey” means the
19 United States Geological Survey.

20 (k) AUTHORIZATION OF APPROPRIATIONS.—There is
21 authorized to be appropriated to carry out this section
22 \$30,000,000 for each of fiscal years 2004 through 2008.

23 **SEC. ____ 24. OIL AND GAS LEASE ACREAGE LIMITATIONS.**

24 Section 27(d)(1) of the Mineral Leasing Act (30
25 U.S.C. 184(d)(1)) is amended by inserting after “acreage

1 held in special tar sand areas” the following: “, and acre-
2 age under any lease any portion of which has been com-
3 mitted to a federally approved unit or cooperative plan or
4 communitization agreement or for which royalty (includ-
5 ing compensatory royalty or royalty in-kind) was paid in
6 the preceding calendar year,”.

7 **SEC. ____25. ASSESSMENT OF DEPENDENCE OF STATE OF**
8 **HAWAII ON OIL.**

9 (a) ASSESSMENT.—The Secretary of Energy shall as-
10 sess the economic implication of the dependence of the
11 State of Hawaii on oil as the principal source of energy
12 for the State, including—

13 (1) the short- and long-term prospects for crude
14 oil supply disruption and price volatility and poten-
15 tial impacts on the economy of Hawaii;

16 (2) the economic relationship between oil-fired
17 generation of electricity from residual fuel and re-
18 fined petroleum products consumed for ground, ma-
19 rine, and air transportation;

20 (3) the technical and economic feasibility of in-
21 creasing the contribution of renewable energy re-
22 sources for generation of electricity, on an island-by-
23 island basis, including—

24 (A) siting and facility configuration;

1 (B) environmental, operational, and safety
2 considerations;

3 (C) the availability of technology;

4 (D) effects on the utility system including
5 reliability;

6 (E) infrastructure and transport require-
7 ments;

8 (F) community support; and

9 (G) other factors affecting the economic
10 impact of such an increase and any effect on
11 the economic relationship described in para-
12 graph (2);

13 (4) the technical and economic feasibility of
14 using liquefied natural gas to displace residual fuel
15 oil for electric generation, including neighbor island
16 opportunities, and the effect of the displacement on
17 the economic relationship described in paragraph
18 (2), including—

19 (A) the availability of supply;

20 (B) siting and facility configuration for on-
21 shore and offshore liquefied natural gas receiv-
22 ing terminals;

23 (C) the factors described in subparagraphs
24 (B) through (F) of paragraph (3); and

25 (D) other economic factors;

1 (5) the technical and economic feasibility of
2 using renewable energy sources (including hydrogen)
3 for ground, marine, and air transportation energy
4 applications to displace the use of refined petroleum
5 products, on an island-by-island basis, and the eco-
6 nomic impact of the displacement on the relationship
7 described in (2); and

8 (6) an island-by-island approach to—

9 (A) the development of hydrogen from re-
10 newable resources; and

11 (B) the application of hydrogen to the en-
12 ergy needs of Hawaii

13 (b) CONTRACTING AUTHORITY.—The Secretary of
14 Energy may carry out the assessment under subsection
15 (a) directly or, in whole or in part, through 1 or more
16 contracts with qualified public or private entities.

17 (c) REPORT.—Not later than 300 days after the date
18 of enactment of this Act, the Secretary of Energy shall
19 prepare, in consultation with agencies of the State of Ha-
20 waii and other stakeholders, as appropriate, and submit
21 to the Congress, a report detailing the findings, conclu-
22 sions, and recommendations resulting from the assess-
23 ment.

1 (d) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated such sums as are nec-
3 essary to carry out this section.

4 **SEC. ____26. DEADLINE FOR DECISION ON APPEALS OF**
5 **CONSISTENCY DETERMINATION UNDER THE**
6 **COASTAL ZONE MANAGEMENT ACT OF 1972.**

7 (a) IN GENERAL.—Section 319 of the Coastal Zone
8 Management Act of 1972 (16 U.S.C. 1465) is amended
9 to read as follows:

10 “APPEALS TO THE SECRETARY

11 “SEC. 319. (a) NOTICE.—The Secretary shall publish
12 an initial notice in the Federal Register within 30 days
13 after the date of the filing of any appeal to the Secretary
14 of a consistency determination under section 307.

15 “(b) CLOSURE OF RECORD.—

16 “(1) IN GENERAL.—Not later than the end of
17 the 120-day period beginning on the date of publica-
18 tion of an initial notice under subsection (a), the
19 Secretary shall receive no more filings on the appeal
20 and the administrative record regarding the appeal
21 shall be closed.

22 “(2) NOTICE.—Upon the closure of the admin-
23 istrative record, the Secretary shall immediately
24 publish a notice that the administrative record has
25 been closed.

1 “(c) DEADLINE FOR DECISION.—The Secretary shall
2 issue a decision in any appeal filed under section 307 not
3 later than 120 days after the closure of the administrative
4 record.

5 “(d) APPLICATION.—This section applies to appeals
6 initiated by the Secretary and appeals filed by an appli-
7 cant.”.

8 (b) APPLICATION.—

9 (1) IN GENERAL.—Except as provided in para-
10 graph (2), the amendment made by subsection (a)
11 shall apply with respect to any appeal initiated or
12 filed before, on, or after the date of enactment of
13 this Act.

14 (2) LIMITATION.—Subsection (a) of section 319
15 of the Coastal Zone Management Act of 1972 (as
16 amended by subsection (a)) shall not apply with re-
17 spect to an appeal initiated or filed before the date
18 of enactment of this Act.

19 (c) CLOSURE OF RECORD FOR APPEAL FILED BE-
20 FORE DATE OF ENACTMENT.—Notwithstanding section
21 319(b)(1) of the Coastal Zone Management Act of 1972
22 (as amended by this section), in the case of an appeal of
23 a consistency determination under section 307 of that Act
24 initiated or filed before the date of enactment of this Act,
25 the Secretary of Commerce shall receive no more filings

1 on the appeal and the administrative record regarding the
2 appeal shall be closed not later than 120 days after the
3 date of enactment of this Act.

4 **SEC. ____27. REIMBURSEMENT FOR COSTS OF NEPA ANAL-**
5 **YSES, DOCUMENTATION, AND STUDIES.**

6 (a) IN GENERAL.—The Mineral Leasing Act is
7 amended by inserting after section 37 (30 U.S.C. 193)
8 the following:

9 “REIMBURSEMENT FOR COSTS OF CERTAIN ANALYSES,
10 DOCUMENTATION, AND STUDIES

11 “SEC. 38. (a) IN GENERAL.—The Secretary of the
12 Interior may reimburse a person that is a lessee, operator,
13 operating rights owner, or applicant for any lease under
14 this Act for reasonable amounts paid by the person for
15 preparation for the Secretary by a contractor or other per-
16 son selected by the Secretary of any project-level analysis,
17 documentation, or related study required under the Na-
18 tional Environmental Policy Act of 1969 (42 U.S.C. 4321
19 et seq.) with respect to the lease.

20 “(b) CONDITIONS.—The Secretary may provide reim-
21 bursement under subsection (b) only if—

22 “(1) adequate funding to enable the Secretary
23 to timely prepare the analysis, documentation, or re-
24 lated study is not appropriated;

25 “(2) the person paid the costs voluntarily;

1 “(3) the person maintains records of its costs
2 in accordance with regulations promulgated by the
3 Secretary;

4 “(4) the reimbursement is in the form of a re-
5 duction in the Federal share of the royalty required
6 to be paid for the lease for which the analysis, docu-
7 mentation, or related study is conducted, and is
8 agreed to by the Secretary and the person reim-
9 bursed prior to commencing the analysis, docu-
10 mentation, or related study; and

11 “(5) the agreement required under paragraph
12 (4) contains provisions—

13 “(A) reducing royalties owed on lease pro-
14 duction based on market prices;

15 “(B) stipulating an automatic termination
16 of the royalty reduction upon recovery of docu-
17 mented costs; and

18 “(C) providing a process by which the les-
19 see may seek reimbursement for circumstances
20 in which production from the specified lease is
21 not possible.”.

22 (b) APPLICATION.—The amendment made by this
23 section shall apply with respect to an analysis, documenta-
24 tion, or a related study conducted on or after the date

1 of enactment of this Act for any lease entered into before,
2 on, or after the date of enactment of this Act.

3 (c) DEADLINE FOR REGULATIONS.—The Secretary
4 shall issue regulations implementing the amendment made
5 by this section by not later than 180 days after the date
6 of enactment of this Act.

7 **SEC. ____28. HYDRAULIC FRACTURING.**

8 Paragraph (1) of section 1421(d) of the Safe Drink-
9 ing Water Act (42 U.S.C. 300h(d)) is amended to read
10 as follows:

11 “(1) UNDERGROUND INJECTION.—The term
12 ‘underground injection’—

13 “(A) means the subsurface emplacement of
14 fluids by well injection; and

15 “(B) excludes—

16 “(i) the underground injection of nat-
17 ural gas for purposes of storage; and

18 “(ii) the underground injection of
19 fluids or propping agents pursuant to hy-
20 draulic fracturing operations related to oil
21 or gas production activities.”.

1 **SEC. ____29. OIL AND GAS EXPLORATION AND PRODUCTION**

2 **DEFINED.**

3 Section 502 of the Federal Water Pollution Control
4 Act (33 U.S.C. 1362) is amended by adding at the end
5 the following:

6 “(24) OIL AND GAS EXPLORATION AND PRO-
7 Duction.—The term ‘oil and gas exploration and
8 production’ means all field operations necessary for
9 both exploration and production of oil and gas, in-
10 cluding activities necessary to prepare a site for
11 drilling and for the movement and placement of
12 drilling equipment, whether or not those activities
13 may be considered to be construction activities.”.

14 **SEC. ____30. ONSHORE RESERVES PROGRAM.**

15 (a) IN GENERAL.—The Secretary of Energy shall
16 carry out a program to demonstrate and encourage the
17 use of technologies for the recovery of oil and natural gas
18 reserves from oil and natural gas reservoirs with 1 or more
19 of the following characteristics:

20 (1) Complex geology involving rapid changes in
21 the type and quality of the oil or gas reservoir across
22 the reservoir.

23 (2) Low reservoir pressure.

24 (3) Unconventional natural gas reservoirs in
25 coalbeds, deep reservoirs, tight sands or shales.

1 (4) Unconventional oil reservoirs in tar sands
2 and oil shales.

3 (b) FOCUS AREAS.—The program under this section
4 may focus on technologies including—

5 (1) innovative production techniques, including
6 horizontal drilling, fracture detection methodologies,
7 and 3-dimensional and multi-component seismic
8 techniques;

9 (2) compression technologies (including field-
10 wide compression) to access pipelines for low volume,
11 low pressure natural gas wells; and

12 (3) enhanced recovery techniques.

13 (c) LIMITATION ON LOCATION OF ACTIVITIES.—Ac-
14 tivities under this section shall be carried out only—

15 (1) in—

16 (A) areas onshore in the United States on
17 public land administered by the Secretary of the
18 Interior available for oil and gas leasing, where
19 consistent with applicable law and land use
20 plans; and

21 (B) areas onshore in the United States on
22 State, or other governmental or private land,
23 subject to applicable law; and

1 (2) with the approval of the appropriate Fed-
2 eral, State, or other governmental land management
3 agency or private land owner.

4 (d) ROLE OF THE SECRETARY.—The Secretary of
5 Energy shall have ultimate responsibility for, and over-
6 sight of, all aspects of the program under this section,
7 which may only be delegated to the Assistant Secretary
8 for Fossil Energy.

9 (e) LOANS.—

10 (1) IN GENERAL.—The Secretary of Energy
11 shall make loans to carry out activities under this
12 section, to the extent amounts are available to carry
13 out this subsection.

14 (2) PROPOSALS.—

15 (A) SOLICITATION.—The Secretary of En-
16 ergy shall solicit proposals for loans under this
17 subsection in such manner and at such time as
18 the Secretary of Energy may prescribe.

19 (B) CONTENTS.—Each proposal submitted
20 shall include—

21 (i) an estimate of the potential
22 unproven reserves in the reservoir;

23 (ii) an estimate of the potential for
24 success of the project;

25 (iii) a detailed project plan;

1 (iv) a detailed analysis of the costs as-
2 sociated with the project;

3 (v) a timeframe for project comple-
4 tion; and

5 (vi) such other matters as the Sec-
6 retary of Energy considers appropriate.

7 (3) REVIEW.—The Secretary of Energy shall
8 carry out the programs under this section—

9 (A) consistent with the generally applicable
10 Federal laws (including regulations) governing
11 financial assistance, contracts, or other agree-
12 ments; and

13 (B) through a competitive process, which
14 shall include a review by the Advisory Com-
15 mittee established under subsection (f).

16 (f) ADVISORY COMMITTEE.—

17 (1) ESTABLISHMENT.—Not later than 270 days
18 after the date of enactment of this Act, the Sec-
19 retary of Energy shall establish an Advisory Com-
20 mittee. The Advisory Committee shall be comprised
21 of members appointed by the Secretary of Energy,
22 including—

23 (A) individuals broadly representative of oil
24 and natural gas production; and

1 (B) no individuals who are Federal em-
2 ployees.

3 (2) DUTIES.—The Advisory Committee shall
4 advise the Secretary of Energy on the development
5 and implementation of activities under this section,
6 including recommendations on funding loans for spe-
7 cific projects.

8 (3) COMPENSATION.—A member of the Advi-
9 sory Committee shall serve without compensation
10 but shall receive travel expenses, including per diem
11 in lieu of subsistence, in accordance with applicable
12 provisions under subchapter 1 of chapter 57 of title
13 5, United States Code.

14 (g) LIMITS ON PARTICIPATION.—A person shall be
15 eligible to receive a loan under this subsection if the Sec-
16 retary of Energy determines—

17 (1) that the person's participation in the pro-
18 gram under this subsection is in the economic inter-
19 est of the United States; and

20 (2) that the person is a United States-owned
21 entity organized under the laws of the United States
22 with production levels of less than 1,000 barrels per
23 day of oil equivalent.

24 (h) PUBLIC AVAILABILITY OF PROJECT RESULTS
25 AND METHODOLOGIES.—The results of any project car-

1 ried out under this section and the methodologies used to
2 achieve those results shall be made public and shall not
3 be proprietary.

4 (i) REVOLVING LOAN FUND.—The Secretary of En-
5 ergy shall establish a revolving loan fund with funds made
6 available under subsection (j). The fund shall be estab-
7 lished, maintained, and credited with repayments, and the
8 fund balance shall be available until September 30, 2019,
9 for providing financial assistance for the following pur-
10 poses:

11 (1) To provide loans under subsection (e) on
12 the conditions that—

13 (A) the loans are made with such terms
14 and conditions as are agreed to by the Sec-
15 retary of Energy and the applicant; and

16 (B) the fund will be credited with all pay-
17 ments of principal and interest on all loans.

18 (2) To earn interest on fund accounts.

19 (3) To pay for reasonable costs of admin-
20 istering the fund and conducting activities under
21 this section, except that such amounts shall not ex-
22 ceed 4 percent of the annual appropriations to the
23 fund or 4 percent of the amount in the fund, which-
24 ever is greater.

1 (j) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated to carry out this section
3 \$100,000,000 for each of fiscal years 2005 through 2009,
4 to remain available until expended.

5 (k) SUNSET.—The authority provided by this section
6 terminates on September 30, 2019.

7 **SEC. ____31. STORAGE ON THE OUTER CONTINENTAL**
8 **SHELF.**

9 Section 5(a)(5) of the Outer Continental Shelf Lands
10 Act (43 U.S.C. 1334(a)(5)) is amended by inserting “from
11 any source” after “oil and gas”.

12 **SEC. ____32. APPEALS RELATING TO PIPELINE CONSTRUC-**
13 **TION OR OFFSHORE MINERAL DEVELOP-**
14 **MENT PROJECTS.**

15 (a) AGENCY OF RECORD, PIPELINE CONSTRUCTION
16 PROJECTS.—Any Federal administrative agency pro-
17 ceeding that is an appeal or review related to Federal au-
18 thority for an interstate natural gas pipeline construction
19 project, including construction of natural gas storage and
20 liquefied natural gas facilities, shall use as its exclusive
21 record for all purposes the record compiled by the Federal
22 Energy Regulatory Commission pursuant to the Commis-
23 sion’s proceeding under sections 3 and 7 of the Natural
24 Gas Act (15 U.S.C. 717b, 717f).

1 (b) SENSE OF CONGRESS.—It is the sense of the
2 Congress that all Federal and State agencies with jurisdic-
3 tion over interstate natural gas pipeline construction ac-
4 tivities should coordinate their proceedings within the
5 timeframes established by the Federal Energy Regulatory
6 Commission when the Commission is acting under sections
7 3 and 7 of the Natural Gas Act (15 U.S.C. 717b, 717f)
8 to determine whether a certificate of public convenience
9 and necessity should be issued for a proposed interstate
10 natural gas pipeline.

11 (c) AGENCY OF RECORD, OFFSHORE MINERAL DE-
12 VELOPMENT PROJECTS.—Any Federal administrative
13 agency proceeding that is an appeal or review related to
14 Federal authority for the permitting, approval, or other
15 authorization of projects to explore, develop, or produce
16 mineral resources underlying the outer Continental Shelf
17 shall use as its exclusive record for all purposes (except
18 for the filing of pleadings) the record compiled by the rel-
19 evant Federal permitting agency.

20 **SEC. ____33. BILATERAL INTERNATIONAL OIL SUPPLY**
21 **AGREEMENTS.**

22 (a) IN GENERAL.—Notwithstanding any other provi-
23 sion of law, the President may export oil to, or secure oil
24 for, any country pursuant to a bilateral international oil
25 supply agreement entered into by the United States with

1 the country before June 25, 1979, or to any country pur-
2 suant to the International Emergency Oil Sharing Plan
3 of the International Energy Agency.

4 (b) MEMORANDUM OF AGREEMENT.—The following
5 agreements are deemed to have entered into force by oper-
6 ation of law and are deemed to have no termination date:

7 (1) The agreement entitled “Agreement amend-
8 ing and extending the memorandum of agreement of
9 June 22, 1979”, entered into force November 13,
10 1994 (TIAS 12580).

11 (2) The agreement entitled “Agreement amend-
12 ing the contingency implementing arrangements of
13 October 17, 1980”, entered into force June 27,
14 1995 (TIAS 12670).

15 **Subtitle C—Access to Federal Land**

16 **SEC. ____41. OFFICE OF FEDERAL ENERGY PROJECT CO-** 17 **ORDINATION.**

18 (a) ESTABLISHMENT.—The President shall establish
19 the Office of Federal Energy Project Coordination (re-
20 ferred to in this section as the “Office”) within the Execu-
21 tive Office of the President in the same manner and with
22 the same mission as the White House Energy Projects
23 Task Force established by Executive Order No. 13212 (42
24 U.S.C. 13201 note).

1 (b) STAFFING.—The Office shall be staffed by func-
2 tional experts from relevant Federal agencies on a non-
3 reimbursable basis to carry out the mission of the Office.

4 (c) REPORT.—The Office shall transmit an annual
5 report to the Congress that describes the activities put in
6 place to coordinate and expedite Federal decisions on en-
7 ergy projects. The report shall list accomplishments in im-
8 proving the Federal decisionmaking process and shall in-
9 clude any additional recommendations or systemic changes
10 needed to establish a more effective and efficient Federal
11 permitting process.

12 **SEC. 42. FEDERAL ONSHORE OIL AND GAS LEASING AND**
13 **PERMITTING PRACTICES.**

14 (a) REVIEW OF ONSHORE OIL AND GAS LEASING
15 PRACTICES.—

16 (1) IN GENERAL.—The Secretary of the Inte-
17 rior, in consultation with the Secretary of Agri-
18 culture with respect to National Forest System lands
19 under the jurisdiction of the Department of Agri-
20 culture, shall perform an internal review of current
21 Federal onshore oil and gas leasing and permitting
22 practices.

23 (2) INCLUSIONS.—The review shall include the
24 process for—

25 (A) accepting or rejecting offers to lease;

1 (B) administrative appeals of decisions or
2 orders of officers or employees of the Bureau of
3 Land Management with respect to a Federal oil
4 or gas lease;

5 (C) considering surface use plans of oper-
6 ation, including the timeframes in which the
7 plans are considered, and any recommendations
8 for improving and expediting the process; and

9 (D) identifying stipulations to address site-
10 specific concerns and conditions, including those
11 stipulations relating to the environment and re-
12 source use conflicts.

13 (b) REPORT.—Not later than 180 days after the date
14 of enactment of this Act, the Secretary of the Interior and
15 the Secretary of Agriculture shall transmit a report to the
16 Congress that describes—

17 (1) actions taken under section 3 of Executive
18 Order No. 13212 (42 U.S.C. 13201 note); and

19 (2) actions taken or any plans to improve the
20 Federal onshore oil and gas leasing program.

21 **SEC. ____ 43. MANAGEMENT OF FEDERAL OIL AND GAS**
22 **LEASING PROGRAMS.**

23 (a) TIMELY ACTION ON LEASES AND PERMITS.—To
24 ensure timely action on oil and gas leases and applications
25 for permits to drill on land otherwise available for leasing,

1 the Secretary of the Interior (in this section referred to
2 as the “Secretary”) shall—

3 (1) ensure expeditious compliance with section
4 102(2)(C) of the National Environmental Policy Act
5 of 1969 (42 U.S.C. 4332(2)(C));

6 (2) improve consultation and coordination with
7 the States and the public; and

8 (3) improve the collection, storage, and retrieval
9 of information relating to the leasing activities.

10 (b) BEST MANAGEMENT PRACTICES.—

11 (1) IN GENERAL.—Not later than 18 months
12 after the date of enactment of this Act, the Sec-
13 retary shall develop and implement best manage-
14 ment practices to—

15 (A) improve the administration of the on-
16 shore oil and gas leasing program under the
17 Mineral Leasing Act (30 U.S.C. 181 et seq.);
18 and

19 (B) ensure timely action on oil and gas
20 leases and applications for permits to drill on
21 lands otherwise available for leasing.

22 (2) CONSIDERATIONS.—In developing the best
23 management practices under paragraph (1), the Sec-
24 retary shall consider any recommendations from the
25 review under section [____42].

1 (3) REGULATIONS.—Not later than 180 days
2 after the development of best management practices
3 under paragraph (1), the Secretary shall publish, for
4 public comment, proposed regulations that set forth
5 specific timeframes for processing leases and appli-
6 cations in accordance with the practices, including
7 deadlines for—

8 (A) approving or disapproving resource
9 management plans and related documents, lease
10 applications, and surface use plans; and

11 (B) related administrative appeals.

12 (c) IMPROVED ENFORCEMENT.—The Secretary shall
13 improve inspection and enforcement of oil and gas activi-
14 ties, including enforcement of terms and conditions in per-
15 mits to drill.

16 (d) AUTHORIZATION OF APPROPRIATIONS.—In addi-
17 tion to amounts authorized to be appropriated to carry
18 out section 17 of the Mineral Leasing Act (30 U.S.C.
19 226), there are authorized to be appropriated to the Sec-
20 retary for each of fiscal years 2004 through 2007—

21 (1) \$40,000,000 to carry out subsections (a)
22 and (b); and

23 (2) \$20,000,000 to carry out subsection (c).

1 **SEC. ____44. CONSULTATION REGARDING OIL AND GAS**
2 **LEASING ON PUBLIC LAND.**

3 (a) IN GENERAL.—Not later than 180 days after the
4 date of enactment of this Act, the Secretary of the Interior
5 and the Secretary of Agriculture shall enter into a memo-
6 randum of understanding regarding oil and gas leasing
7 on—

8 (1) public lands under the jurisdiction of the
9 Secretary of the Interior; and

10 (2) National Forest System lands under the ju-
11 risdiction of the Secretary of Agriculture.

12 (b) CONTENTS.—The memorandum of understanding
13 shall include provisions that—

14 (1) establish administrative procedures and
15 lines of authority that ensure timely processing of oil
16 and gas lease applications, surface use plans of oper-
17 ation, and applications for permits to drill, including
18 steps for processing surface use plans and applica-
19 tions for permits to drill within 30 days after receipt
20 by the Secretary concerned;

21 (2) eliminate duplication of effort by providing
22 for coordination of planning and environmental com-
23 pliance efforts; and

24 (3) ensure that lease stipulations are—

25 (A) applied consistently;

26 (B) coordinated between agencies; and

1 (C) only as restrictive as necessary to pro-
2 tect the resource for which the stipulations are
3 applied.

4 (c) DATA RETRIEVAL SYSTEM.—

5 (1) IN GENERAL.—Not later than 1 year after
6 the date of enactment of this Act, the Secretary of
7 the Interior and the Secretary of Agriculture shall
8 establish a joint data retrieval system that is capable
9 of—

10 (A) tracking applications and formal re-
11 quests made in accordance with procedures of
12 the Federal onshore oil and gas leasing pro-
13 gram; and

14 (B) providing information regarding the
15 status of the applications and requests within
16 the Department of the Interior and the Depart-
17 ment of Agriculture.

18 (2) RESOURCE MAPPING.—Not later than 2
19 years after the date of enactment of this Act, the
20 Secretary of the Interior and the Secretary of Agri-
21 culture shall establish a joint Geographic Informa-
22 tion System mapping system for use in—

23 (A) tracking surface resource values to aid
24 in resource management; and

1 (B) processing surface use plans of oper-
2 ation and applications for permits to drill.

3 **SEC. ____45. USGS ESTIMATES OF OIL AND GAS RESOURCES**
4 **UNDERLYING ONSHORE FEDERAL LAND.**

5 Section 604 of the Energy Act of 2000 (42 U.S.C.
6 6217) is amended—

7 (1) in subsection (a)—

8 (A) in paragraph (1)—

9 (i) by striking “reserve”; and

10 (ii) by striking “and” after the semi-
11 colon; and

12 (B) by striking paragraph (2) and insert-
13 ing the following:

14 “(2) the extent and nature of any restrictions
15 or impediments to the development of the resources,
16 including—

17 “(A) impediments to the timely granting of
18 leases;

19 “(B) post-lease restrictions, impediments,
20 or delays on development for conditions of ap-
21 proval, applications for permits to drill, or proc-
22 essing of environmental permits; and

23 “(C) permits or restrictions associated with
24 transporting the resources for entry into com-
25 merce; and

1 “(3) the quantity of resources not produced or
2 introduced into commerce because of the restric-
3 tions.”;

4 (2) in subsection (b)—

5 (A) by striking “reserve” and inserting
6 “resource”; and

7 (B) by striking “publically” and inserting
8 “publicly”; and

9 (3) by striking subsection (d) and inserting the
10 following:

11 “(d) ASSESSMENTS.—Using the inventory, the Sec-
12 retary of Energy shall make periodic assessments of eco-
13 nomically recoverable resources accounting for a range of
14 parameters such as current costs, commodity prices, tech-
15 nology, and regulations.”.

16 **SEC. ____46. COMPLIANCE WITH EXECUTIVE ORDER 13211;**

17 **ACTIONS CONCERNING REGULATIONS THAT**

18 **SIGNIFICANTLY AFFECT ENERGY SUPPLY,**

19 **DISTRIBUTION, OR USE.**

20 (a) REQUIREMENT.—The head of each Federal agen-
21 cy shall require that before the Federal agency takes any
22 action that could have a significant adverse effect on the
23 supply of domestic energy resources from Federal public
24 land, the Federal agency taking the action shall comply
25 with Executive Order No. 13211 (42 U.S.C. 13201 note).

1 (b) GUIDANCE.—Not later than 180 days after the
2 date of enactment of this Act, the Secretary of Energy
3 shall publish guidance for purposes of this section describ-
4 ing what constitutes a significant adverse effect on the
5 supply of domestic energy resources under Executive
6 Order No. 13211 (42 U.S.C. 13201 note).

7 (c) MEMORANDUM OF UNDERSTANDING.—The Sec-
8 retary of the Interior and the Secretary of Agriculture
9 shall include in the memorandum of understanding under
10 section [____44] provisions for implementing subsection
11 (a) of this section.

12 **SEC. ____47. PILOT PROGRAM ON ROCKY MOUNTAIN EN-**
13 **ERGY COUNCIL.**

14 The Task Force established by Executive Order No.
15 13212 (42 U.S.C. 13201 note) shall—

16 (1) carry out the Rocky Mountain Energy
17 Council pilot project; and

18 (2) not later than 3 years after the date of en-
19 actment of this Act, transmit to the Congress a re-
20 port on the progress the Task Force has made in ac-
21 complishing the following goals:

22 (A) Reducing the conflict, uncertainty, and
23 time involved in making decisions on energy re-
24 source management in the Intermountain West.

1 (B) Establishing a mechanism to provide
2 for the coordination of Federal and State policy
3 on—

4 (i) the development of regional energy
5 resources; and

6 (ii) the transmission of regional en-
7 ergy resources to markets.

8 (C) Institutionalizing early collaboration
9 and participation of all parties involved in re-
10 gional decisions on environmental, economic,
11 and energy issues relating to the exploration,
12 development, and production of energy re-
13 sources.

14 (D) Developing a long-term and regional
15 perspective on how best to manage the energy
16 resources in the Intermountain West.

17 **SEC. ____48. PILOT PROJECT TO IMPROVE FEDERAL PER-**
18 **MIT COORDINATION.**

19 (a) ESTABLISHMENT.—The Secretary of the Interior
20 (in this section referred to as the “Secretary”) shall estab-
21 lish a Federal Permit Streamlining Pilot Project (in this
22 section referred to as the “Pilot Project”).

23 (b) MEMORANDUM OF UNDERSTANDING.—

24 (1) IN GENERAL.—Not later than 90 days after
25 the date of enactment of this Act, the Secretary

1 shall enter into a memorandum of understanding
2 with the Secretary of Agriculture, the Administrator
3 of the Environmental Protection Agency, and the
4 Chief of Engineers of the Army Corps of Engineers
5 for purposes of this section.

6 (2) STATE PARTICIPATION.—The Secretary
7 may request that the Governors of Wyoming, Mon-
8 tana, Colorado, Utah, and New Mexico be signato-
9 ries to the memorandum of understanding.

10 (c) DESIGNATION OF QUALIFIED STAFF.—

11 (1) IN GENERAL.—Not later than 30 days after
12 the date of the signing of the memorandum of un-
13 derstanding under subsection (b), all Federal signa-
14 tory parties shall assign to each of the field offices
15 identified in subsection (d), on a nonreimbursable
16 basis, an employee who has expertise in the regu-
17 latory issues relating to the office in which the em-
18 ployee is employed, including, as applicable, par-
19 ticular expertise in—

20 (A) the consultations and the preparation
21 of biological opinions under section 7 of the En-
22 dangered Species Act of 1973 (16 U.S.C.
23 1536);

24 (B) permits under section 404 of Federal
25 Water Pollution Control Act (33 U.S.C. 1344);

1 (C) regulatory matters under the Clean Air
2 Act (42 U.S.C. 7401 et seq.);

3 (D) planning under the National Forest
4 Management Act of 1976 (16 U.S.C. 472a et
5 seq.); and

6 (E) the preparation of analyses under the
7 National Environmental Policy Act of 1969 (42
8 U.S.C. 4321 et seq.).

9 (2) DUTIES.—Each employee assigned under
10 paragraph (1) shall—

11 (A) not later than 90 days after the date
12 of assignment, report to the Bureau of Land
13 Management Field Managers in the office to
14 which the employee is assigned;

15 (B) be responsible for all issues relating to
16 the jurisdiction of the home office or agency of
17 the employee; and

18 (C) participate as part of the team of per-
19 sonnel working on proposed energy projects,
20 planning, and environmental analyses.

21 (d) FIELD OFFICES.—The following Bureau of Land
22 Management Field Offices shall serve as the Pilot Project
23 offices:

24 (1) Rawlins, Wyoming.

25 (2) Buffalo, Wyoming.

1 (3) Miles City, Montana

2 (4) Farmington, New Mexico.

3 (5) Carlsbad, New Mexico.

4 (6) Glenwood Springs, Colorado.

5 (7) Vernal, Utah.

6 (e) REPORTS.—Not later than 3 years after the date
7 of enactment of this Act, the Secretary shall transmit to
8 the Congress a report that—

9 (1) outlines the results of the Pilot Project to
10 date; and

11 (2) makes a recommendation to the President
12 regarding whether the Pilot Project should be imple-
13 mented throughout the United States.

14 (f) ADDITIONAL PERSONNEL.—The Secretary shall
15 assign to each field office identified in subsection (d) any
16 additional personnel that are necessary to ensure the ef-
17 fective implementation of—

18 (1) the Pilot Project; and

19 (2) other programs administered by the field of-
20 fices, including inspection and enforcement relating
21 to energy development on Federal land, in accord-
22 ance with the multiple use mandate of the Federal
23 Land Policy and Management Act of 1976 (43
24 U.S.C. 1701 et seq).

1 (g) SAVINGS PROVISION.—Nothing in this section
2 affects—

3 (1) the operation of any Federal or State law;

4 or

5 (2) any delegation of authority made by the
6 head of a Federal agency whose employees are par-
7 ticipating in the Pilot Project.

8 **SEC. ____49. DEADLINE FOR CONSIDERATION OF APPLICA-**
9 **TIONS FOR PERMITS.**

10 Section 17 of the Mineral Leasing Act (30 U.S.C.
11 226) is amended by adding at the end the following:

12 “(p) DEADLINES FOR CONSIDERATION OF APPLICA-
13 TIONS FOR PERMITS.—

14 “(1) IN GENERAL.—Not later than 10 days
15 after the date on which the Secretary receives an ap-
16 plication for any permit to drill, the Secretary
17 shall—

18 “(A) notify the applicant that the applica-
19 tion is complete; or

20 “(B) notify the applicant that information
21 is missing and specify any information that is
22 required to be submitted for the application to
23 be complete.

1 “(2) ISSUANCE OR DEFERRAL.—Not later than
2 30 days after the applicant for a permit has sub-
3 mitted a complete application, the Secretary shall—

4 “(A) issue the permit; or

5 “(B)(i) defer decision on the permit; and

6 “(ii) provide to the applicant a notice that
7 specifies any steps that the applicant could take
8 for the permit to be issued.

9 “(3) REQUIREMENTS FOR DEFERRED APPLICA-
10 TIONS.—

11 “(A) IN GENERAL.—If the Secretary pro-
12 vides notice under paragraph (2)(B)(ii), the ap-
13 plicant shall have a period of 2 years from the
14 date of receipt of the notice in which to com-
15 plete all requirements specified by the Sec-
16 retary, including providing information needed
17 for compliance with the National Environmental
18 Policy Act of 1969 (42 U.S.C. 4321 et seq.).

19 “(B) ISSUANCE OF PERMIT.—If the appli-
20 cant completes the requirements within the pe-
21 riod specified in subparagraph (A), the Sec-
22 retary shall issue the permit not later than 10
23 days after the date of completion of the require-
24 ments.

1 “(C) DENIAL OF PERMIT.—If the appli-
2 cant does not complete the requirements within
3 the period specified in subparagraph (A), the
4 Secretary shall deny the permit.

5 “(q) REPORT.—On a quarterly basis, each field office
6 of the Bureau of Land Management and the Forest Serv-
7 ice shall transmit to the Secretary of the Interior or the
8 Secretary of Agriculture, respectively, a report that—

9 “(1) specifies the number of applications for
10 permits to drill received by the field office in the pe-
11 riod covered by the report; and

12 “(2) describes how each of the applications was
13 disposed of by the field office.”.

14 **SEC. ____50. CLARIFICATION OF FAIR MARKET RENTAL**
15 **VALUE DETERMINATIONS FOR PUBLIC LAND**
16 **AND FOREST SERVICE RIGHTS-OF-WAY.**

17 (a) LINEAR RIGHTS-OF-WAY UNDER FEDERAL
18 LAND POLICY AND MANAGEMENT ACT OF 1976.—Section
19 504 of the Federal Land Policy and Management Act of
20 1976 (43 U.S.C. 1764) is amended by adding at the end
21 the following:

22 “(k) DETERMINATION OF FAIR MARKET VALUE OF
23 LINEAR RIGHTS-OF-WAY.—

24 “(1) IN GENERAL.—Effective beginning on the
25 date of the issuance of the rules required by para-

1 graph (2), for purposes of subsection (g), the Sec-
2 retary concerned shall determine the fair market
3 value for the use of land encumbered by a linear
4 right-of-way granted, issued, or renewed under this
5 title using the valuation method described in para-
6 graphs (2), (3), and (4).

7 “(2) REVISIONS.—Not later than 1 year after
8 the date of enactment of this subsection—

9 “(A) the Secretary of the Interior shall
10 amend section 2803.1–2 of title 43, Code of
11 Federal Regulations, as in effect on the date of
12 enactment of this subsection, to revise the per
13 acre rental fee zone value schedule by State,
14 county, and type of linear right-of-way use to
15 reflect current values of land in each zone; and

16 “(B) the Secretary of Agriculture shall
17 make the same revision for linear rights-of-way
18 granted, issued, or renewed under this title on
19 National Forest System land.

20 “(3) UPDATES.—The Secretary concerned shall
21 annually update the schedule revised under para-
22 graph (2) by multiplying the current year’s rental
23 per acre by the annual change, second quarter to
24 second quarter (June 30 to June 30) in the Gross
25 National Product Implicit Price Deflator Index pub-

1 lished in the Survey of Current Business of the De-
2 partment of Commerce, Bureau of Economic Anal-
3 ysis.

4 “(4) REVIEW.—If the cumulative change in the
5 index referred to in paragraph (3) exceeds 30 per-
6 cent, or the change in the 3-year average of the 1-
7 year Treasury interest rate used to determine per
8 acre rental fee zone values exceeds plus or minus 50
9 percent, the Secretary concerned shall conduct a re-
10 view of the zones and rental per acre figures to de-
11 termine whether the value of Federal land has dif-
12 fered sufficiently from the index referred to in para-
13 graph (3) to warrant a revision in the base zones
14 and rental per acre figures. If, as a result of the re-
15 view, the Secretary concerned determines that such
16 a revision is warranted, the Secretary concerned
17 shall revise the base zones and rental per acre fig-
18 ures accordingly.”.

19 (b) RIGHTS-OF-WAY UNDER MINERAL LEASING
20 ACT.—Section 28(*l*) of the Mineral Leasing Act (30
21 U.S.C. 185(*l*)) is amended by inserting before the period
22 at the end the following: “using the valuation method de-
23 scribed in section 2803.1–2 of title 43, Code of Federal
24 Regulations, as revised in accordance with section 504(k)

1 of the Federal Land Policy and Management Act of 1976
2 (43 U.S.C. 1764(k))”.

3 **SEC. ____ 51. ENERGY FACILITY RIGHTS-OF-WAY AND COR-**
4 **RIDORS ON FEDERAL LAND.**

5 (a) REPORT TO CONGRESS.—

6 (1) IN GENERAL.—Not later than 1 year after
7 the date of enactment of this Act, the Secretary of
8 Agriculture and the Secretary of the Interior, in con-
9 sultation with the Secretary of Commerce, the Sec-
10 retary of Defense, the Secretary of Energy, and the
11 Federal Energy Regulatory Commission, shall sub-
12 mit to the Committee on Energy and Commerce and
13 the Committee on Resources of the House of Rep-
14 resentatives and the Committee on Energy and Nat-
15 ural Resources of the Senate a joint report—

16 (A) that addresses—

17 (i) the location of existing rights-of-
18 way and designated and de facto corridors
19 for oil and gas pipelines and electric trans-
20 mission and distribution facilities on Fed-
21 eral land; and

22 (ii) opportunities for additional oil
23 and gas pipeline and electric transmission
24 capacity within those rights-of-way and
25 corridors; and

1 (B) that includes a plan for making avail-
2 able, on request, to the appropriate Federal,
3 State, and local agencies, tribal governments,
4 and other persons involved in the siting of oil
5 and gas pipelines and electricity transmission
6 facilities Geographic Information System-based
7 information regarding the location of the exist-
8 ing rights-of-way and corridors and any planned
9 rights-of-way and corridors.

10 (2) CONSULTATIONS AND CONSIDERATIONS.—

11 In preparing the report, the Secretary of the Interior
12 and the Secretary of Agriculture shall consult
13 with—

14 (A) other agencies of Federal, State, tribal,
15 or local units of government, as appropriate;

16 (B) persons involved in the siting of oil
17 and gas pipelines and electric transmission fa-
18 cilities; and

19 (C) other interested members of the public.

20 (3) LIMITATION.—The Secretary of the Interior
21 and the Secretary of Agriculture shall limit the dis-
22 tribution of the report and Geographic Information
23 System-based information referred to in paragraph
24 (1) as necessary for national and infrastructure se-
25 curity reasons, if either Secretary determines that

1 the information may be withheld from public disclo-
2 sure under a national security or other exception
3 under section 552(b) of title 5, United States Code.

4 (b) CORRIDOR DESIGNATIONS.—

5 (1) 11 CONTIGUOUS WESTERN STATES.—Not
6 later than 2 years after the date of enactment of
7 this Act, the Secretary of Agriculture, the Secretary
8 of Commerce, the Secretary of Defense, the Sec-
9 retary of Energy, and the Secretary of the Interior,
10 in consultation with the Federal Energy Regulatory
11 Commission and the affected utility industries, shall
12 jointly—

13 (A) designate, under title V of the Federal
14 Land Policy and Management Act of 1976 (43
15 U.S.C. 1761 et seq.) and other applicable Fed-
16 eral laws, corridors for oil and gas pipelines and
17 electricity transmission and facilities on Federal
18 land in the eleven contiguous Western States
19 (as defined in section 103 of the Federal Land
20 Policy and Management Act of 1976 (43 U.S.C.
21 1702));

22 (B) perform any environmental reviews
23 that may be required to complete the designa-
24 tions of corridors for the facilities on Federal

1 land in the eleven contiguous Western States;
2 and

3 (C) incorporate the designated corridors
4 into—

5 (i) the relevant departmental and
6 agency land use and resource management
7 plans; or

8 (ii) equivalent plans.

9 (2) OTHER STATES.—Not later than 4 years
10 after the date of enactment of this Act, the Sec-
11 retary of Agriculture, the Secretary of Commerce,
12 the Secretary of Defense, the Secretary of Energy,
13 and the Secretary of the Interior, in consultation
14 with the Federal Energy Regulatory Commission
15 and the affected utility industries, shall jointly—

16 (A) identify corridors for oil and gas pipe-
17 lines and electricity transmission and distribu-
18 tion facilities on Federal land in the States
19 other than those described in paragraph (1);
20 and

21 (B) schedule prompt action to identify,
22 designate, and incorporate the corridors into
23 the land use plan.

24 (3) ONGOING RESPONSIBILITIES.—After com-
25 pleting the requirements under paragraphs (1) and

1 (2), the Secretary of Agriculture, the Secretary of
2 Commerce, the Secretary of Defense, the Secretary
3 of Energy, and the Secretary of the Interior, in con-
4 sultation with the Federal Energy Regulatory Com-
5 mission and the affected utility industries, shall es-
6 tablish procedures that—

7 (A) ensure that additional corridors for oil
8 and gas pipelines and electricity transmission
9 and distribution facilities on Federal land are
10 promptly identified and designated; and

11 (B) expedite applications to construct or
12 modify oil and gas pipelines and electricity
13 transmission and distribution facilities within
14 the corridors, taking into account prior analyses
15 and environmental reviews undertaken during
16 the designation of corridors.

17 (c) CONSIDERATIONS.—In carrying out this section,
18 the Secretaries shall take into account the need for up-
19 graded and new electricity transmission and distribution
20 facilities to—

21 (1) improve reliability;

22 (2) relieve congestion; and

23 (3) enhance the capability of the national grid
24 to deliver electricity.

25 (d) DEFINITION OF CORRIDOR.—

1 (1) IN GENERAL.—In this section and title V of
2 the Federal Land Policy and Management Act of
3 1976 (43 U.S.C. 1761 et seq.), the term “corridor”
4 means—

5 (A) a linear strip of land—

6 (i) with a width determined with con-
7 sideration given to technological, environ-
8 mental, and topographical factors; and

9 (ii) that contains, or may in the fu-
10 ture contain, 1 or more utility, communica-
11 tion, or transportation facilities;

12 (B) a land use designation that is
13 established—

14 (i) by law;

15 (ii) by Secretarial Order;

16 (iii) through the land use planning
17 process; or

18 (iv) by other management decision;

19 and

20 (C) a designation made for the purpose of
21 establishing the preferred location of compatible
22 linear facilities and land uses.

23 (2) SPECIFICATIONS OF CORRIDOR.—On des-
24 ignation of a corridor under this section, the center-

1 line, width, and compatible uses of a corridor shall
2 be specified.

3 **SEC. ____ 52. CONSULTATION REGARDING ENERGY RIGHTS-**
4 **OF-WAY ON PUBLIC LAND.**

5 (a) MEMORANDUM OF UNDERSTANDING.—

6 (1) IN GENERAL.—Not later than 6 months
7 after the date of enactment of this Act, the Sec-
8 retary of Energy, in consultation with the Secretary
9 of the Interior, the Secretary of Agriculture, and the
10 Secretary of Defense, shall enter into a memo-
11 randum of understanding to coordinate all applicable
12 Federal authorizations and environmental reviews
13 relating to a proposed or existing utility facility. To
14 the maximum extent practicable under applicable
15 law, the Secretary of Energy shall, to ensure timely
16 review and permit decisions, coordinate such author-
17 izations and reviews with any Indian tribes, multi-
18 State entities, and State agencies that are respon-
19 sible for conducting any separate permitting and en-
20 vironmental reviews of the affected utility facility.

21 (2) CONTENTS.—The memorandum of under-
22 standing shall include provisions that—

23 (A) establish—

24 (i) a unified right-of-way application
25 form; and

1 (ii) an administrative procedure for
2 processing right-of-way applications, in-
3 cluding lines of authority, steps in applica-
4 tion processing, and timeframes for appli-
5 cation processing;

6 (B) provide for coordination of planning
7 relating to the granting of the rights-of-way;

8 (C) provide for an agreement among the
9 affected Federal agencies to prepare a single
10 environmental review document to be used as
11 the basis for all Federal authorization decisions;
12 and

13 (D) provide for coordination of use of
14 right-of-way stipulations to achieve consistency.

15 (b) NATURAL GAS PIPELINES.—

16 (1) IN GENERAL.—With respect to permitting
17 activities for interstate natural gas pipelines, the
18 May 2002 document entitled “Interagency Agree-
19 ment On Early Coordination Of Required Environ-
20 mental And Historic Preservation Reviews Con-
21 ducted In Conjunction With The Issuance Of Au-
22 thorizations To Construct And Operate Interstate
23 Natural Gas Pipelines Certificated By The Federal
24 Energy Regulatory Commission” shall constitute
25 compliance with subsection (a).

1 (2) REPORT.—

2 (A) IN GENERAL.—Not later than 1 year
3 after the date of enactment of this Act, and
4 every 2 years thereafter, agencies that are sig-
5 natories to the document referred to in para-
6 graph (1) shall transmit to the Congress a re-
7 port on how the agencies under the jurisdiction
8 of the Secretaries are incorporating and imple-
9 menting the provisions of the document referred
10 to in paragraph (1).

11 (B) CONTENTS.—The report shall
12 address—

13 (i) efforts to implement the provisions
14 of the document referred to in paragraph
15 (1);

16 (ii) whether the efforts have had a
17 streamlining effect;

18 (iii) further improvements to the per-
19 mitting process of the agency; and

20 (iv) recommendations for inclusion of
21 State and tribal governments in a coordi-
22 nated permitting process.

23 (c) DEFINITION OF UTILITY FACILITY.—In this sec-
24 tion, the term “utility facility” means any privately, pub-
25 licly, or cooperatively owned line, facility, or system—

1 (1) for the transportation of—

2 (A) oil, natural gas, synthetic liquid fuel,
3 or gaseous fuel;

4 (B) any refined product produced from oil,
5 natural gas, synthetic liquid fuel, or gaseous
6 fuel; or

7 (C) products in support of the production
8 of material referred to in subparagraph (A) or
9 (B);

10 (2) for storage and terminal facilities in connec-
11 tion with the production of material referred to in
12 paragraph (1); or

13 (3) for the generation, transmission, and dis-
14 tribution of electric energy.

15 **SEC. ____ 53. RENEWABLE ENERGY ON FEDERAL LAND.**

16 (a) REPORT.—

17 (1) IN GENERAL.—Not later than 24 months
18 after the date of enactment of this Act, the Sec-
19 retary of the Interior, in cooperation with the Sec-
20 retary of Agriculture, shall develop and transmit to
21 the Congress a report that includes recommenda-
22 tions on opportunities to develop renewable energy
23 on—

24 (A) public lands under the jurisdiction of
25 the Secretary of the Interior; and

1 (B) National Forest System lands under
2 the jurisdiction of the Secretary of Agriculture.

3 (2) CONTENTS.—The report shall include—

4 (A) 5-year plans developed by the Sec-
5 retary of the Interior and the Secretary of Agri-
6 culture, respectively, for encouraging the devel-
7 opment of renewable energy consistent with ap-
8 plicable law and management plans;

9 (B) an analysis of—

10 (i) the use of rights-of-way, leases, or
11 other methods to develop renewable energy
12 on such lands;

13 (ii) the anticipated benefits of grants,
14 loans, tax credits, or other provisions to
15 promote renewable energy development on
16 such lands; and

17 (iii) any issues that the Secretary of
18 the Interior or the Secretary of Agriculture
19 have encountered in managing renewable
20 energy projects on such lands, believe are
21 likely to arise in relation to the develop-
22 ment of renewable energy on such lands;

23 (C) a list, developed in consultation with
24 the Secretary of Energy and the Secretary of
25 Defense, of lands under the jurisdiction of the

1 Department of Energy or the Department of
2 Defense that would be suitable for development
3 for renewable energy, and any recommended
4 statutory and regulatory mechanisms for such
5 development; and

6 (D) any recommendations relating to the
7 issues addressed in the report.

8 (b) NATIONAL ACADEMY OF SCIENCES STUDY.—

9 (1) IN GENERAL.—Not later than 90 days after
10 the date of enactment of this Act, the Secretary of
11 the Interior shall contract with the National Acad-
12 emy of Sciences to—

13 (A) study the potential for the development
14 of wind, solar, and ocean energy (including
15 tidal, wave, and thermal energy) on the outer
16 Continental Shelf;

17 (B) assess existing Federal authorities for
18 the development of such resources; and

19 (C) recommend statutory and regulatory
20 mechanisms for such development.

21 (2) TRANSMITTAL.—The results of the study
22 shall be transmitted to the Congress not later than
23 2 years after the date of enactment of this Act.

24 (c) GENERATION CAPACITY OF ELECTRICITY FROM
25 RENEWABLE ENERGY RESOURCES ON PUBLIC LAND.—

1 The Secretary of the Interior shall, within 10 years after
2 the date of enactment of this Act, seek to approve renew-
3 able energy projects located (or to be located) on public
4 lands with a generation capacity of at least 10,000
5 megawatts of electricity.

6 **SEC. ____ 54. ELECTRICITY TRANSMISSION LINE RIGHT-OF-**
7 **WAY, CLEVELAND NATIONAL FOREST AND**
8 **ADJACENT PUBLIC LAND, CALIFORNIA.**

9 (a) ISSUANCE.—

10 (1) IN GENERAL.—Not later than 60 days after
11 the completion of the environmental reviews under
12 subsection (c), the Secretary of the Interior and the
13 Secretary of Agriculture shall issue all necessary
14 grants, easements, permits, plan amendments, and
15 other approvals to allow for the siting and construc-
16 tion of a high-voltage electricity transmission line
17 right-of-way running approximately north to south
18 through the Trabuco Ranger District of the Cleve-
19 land National Forest in the State of California and
20 adjacent lands under the jurisdiction of the Bureau
21 of Land Management and the Forest Service.

22 (2) INCLUSIONS.—The right-of-way approvals
23 under paragraph (1) shall provide all necessary Fed-
24 eral authorization from the Secretary of the Interior
25 and the Secretary of Agriculture for the routing,

1 construction, operation, and maintenance of a 500-
2 kilovolt transmission line capable of meeting the
3 long-term electricity transmission needs of the region
4 between the existing Valley-Serrano transmission
5 line to the north and the Telega-Escondido trans-
6 mission line to the south, and for connecting to fu-
7 ture generating capacity that may be developed in
8 the region.

9 (b) PROTECTION OF WILDERNESS AREAS.—The Sec-
10 retary of the Interior and the Secretary of Agriculture
11 shall not allow any portion of a transmission line right-
12 of-way corridor identified in subsection (a) to enter any
13 identified wilderness area in existence as of the date of
14 enactment of this Act.

15 (c) ENVIRONMENTAL AND ADMINISTRATIVE RE-
16 VIEWS.—

17 (1) DEPARTMENT OF INTERIOR OR LOCAL
18 AGENCY.—The Secretary of the Interior, acting
19 through the Director of the Bureau of Land Man-
20 agement, shall be the lead Federal agency with over-
21 all responsibility to ensure completion of required
22 environmental and other reviews of the approvals to
23 be issued under subsection (a).

24 (2) NATIONAL FOREST SYSTEM LAND.—For the
25 portions of the corridor on National Forest System

1 lands, the Secretary of Agriculture shall complete all
2 required environmental reviews and administrative
3 actions in coordination with the Secretary of the In-
4 terior.

5 (3) EXPEDITIOUS COMPLETION.—The reviews
6 required for issuance of the approvals under sub-
7 section (a) shall be completed not later than 1 year
8 after the date of the enactment of this Act.

9 (d) OTHER TERMS AND CONDITIONS.—The trans-
10 mission line right-of-way shall be subject to such terms
11 and conditions as the Secretary of the Interior and the
12 Secretary of Agriculture consider necessary, based on the
13 environmental reviews under subsection (c), to protect the
14 value of historic, cultural, and natural resources under the
15 jurisdiction of the Secretary of the Interior or the Sec-
16 retary of Agriculture.

17 (e) PREFERENCE AMONG PROPOSALS.—The Sec-
18 retary of the Interior and the Secretary of Agriculture
19 shall give a preference to any application or preapplication
20 proposal for a transmission line right-of-way referred to
21 in subsection (a) that was submitted before December 31,
22 2002, over all other applications and proposals for the
23 same or a similar right-of-way submitted on or after that
24 date.

1 **SEC. ____55. SENSE OF CONGRESS REGARDING DEVELOP-**
2 **MENT OF MINERALS UNDER PADRE ISLAND**
3 **NATIONAL SEASHORE.**

4 (a) FINDINGS.—Congress finds the following:

5 (1) Pursuant to Public Law 87–712 (16 U.S.C.
6 459d et seq.; popularly known as the “Federal Ena-
7 bling Act”) and various deeds and actions under
8 that Act, the United States is the owner of only the
9 surface estate of certain lands constituting the
10 Padre Island National Seashore.

11 (2) Ownership of the oil, gas, and other min-
12 erals in the subsurface estate of the lands consti-
13 tuting the Padre Island National Seashore was never
14 acquired by the United States, and ownership of
15 those interests is held by the State of Texas and pri-
16 vate parties.

17 (3) Public Law 87–712 (16 U.S.C. 459d et
18 seq.)—

19 (A) expressly contemplated that the United
20 States would recognize the ownership and fu-
21 ture development of the oil, gas, and other min-
22 erals in the subsurface estate of the lands con-
23 stituting the Padre Island National Seashore by
24 the owners and their mineral lessees; and

1 (B) recognized that approval of the State
2 of Texas was required to create Padre Island
3 National Seashore.

4 (4) Approval was given for the creation of
5 Padre Island National Seashore by the State of
6 Texas through Tex. Rev. Civ. Stat. Ann. Art.
7 6077(t) (Vernon 1970), which expressly recognized
8 that development of the oil, gas, and other minerals
9 in the subsurface of the lands constituting Padre Is-
10 land National Seashore would be conducted with full
11 rights of ingress and egress under the laws of the
12 State of Texas.

13 (b) SENSE OF CONGRESS.—It is the sense of the
14 Congress that with regard to Federal law, any regulation
15 of the development of oil, gas, or other minerals in the
16 subsurface of the lands constituting Padre Island National
17 Seashore should be made as if those lands retained the
18 status that the lands had on September 27, 1962.

19 **SEC. ____56. ENCOURAGING PROHIBITION OF OFF-SHORE**
20 **DRILLING IN THE GREAT LAKES.**

21 Congress encourages—

22 (1) the States of Illinois, Michigan, New York,
23 Pennsylvania, and Wisconsin to continue to prohibit
24 offshore drilling in the Great Lakes for oil and gas;
25 and

1 (2) the States of Indiana, Minnesota, and Ohio
2 to enact a prohibition of such drilling.

3 **SEC. ____57. FINGER LAKES NATIONAL FOREST WITH-**
4 **DRAWAL.**

5 All Federal land within the boundary of Finger Lakes
6 National Forest in the State of New York is withdrawn
7 from—

8 (1) all forms of entry, appropriation, or disposal
9 under the public land laws; and

10 (2) disposition under all laws relating to oil and
11 gas leasing.

12 **Subtitle D—Alaska Natural Gas**
13 **Pipeline**

14 **SEC. ____61. SHORT TITLE.**

15 This subtitle may be cited as the “Alaska Natural
16 Gas Pipeline Act”.

17 **SEC. ____62. DEFINITIONS.**

18 In this subtitle:

19 (1) ALASKA NATURAL GAS.—The term “Alaska
20 natural gas” means natural gas derived from the
21 area of the State of Alaska lying north of 64 degrees
22 north latitude.

23 (2) ALASKA NATURAL GAS TRANSPORTATION
24 PROJECT.—The term “Alaska natural gas transpor-
25 tation project” means any natural gas pipeline sys-

1 tem that carries Alaska natural gas to the border
2 between Alaska and Canada (including related facili-
3 ties subject to the jurisdiction of the Commission)
4 that is authorized under—

5 (A) the Alaska Natural Gas Transpor-
6 tation Act of 1976 (15 U.S.C. 719 et seq.); or

7 (B) section ____63.

8 (3) ALASKA NATURAL GAS TRANSPORTATION
9 SYSTEM.—The term “Alaska natural gas transpor-
10 tation system” means the Alaska natural gas trans-
11 portation project authorized under the Alaska Nat-
12 ural Gas Transportation Act of 1976 (15 U.S.C.
13 719 et seq.) and designated and described in section
14 2 of the President’s decision.

15 (4) COMMISSION.—The term “Commission”
16 means the Federal Energy Regulatory Commission.

17 (5) FEDERAL COORDINATOR.—The term “Fed-
18 eral Coordinator” means the head of the Office of
19 the Federal Coordinator for Alaska Natural Gas
20 Transportation Projects established by section
21 ____66(a).

22 (6) PRESIDENT’S DECISION.—The term “Presi-
23 dent’s decision” means the decision and report to
24 Congress on the Alaska natural gas transportation
25 system—

1 (A) issued by the President on September
2 22, 1977, in accordance with section 7 of the
3 Alaska Natural Gas Transportation Act of
4 1976 (15 U.S.C. 719e); and

5 (B) approved by Public Law 95–158 (15
6 U.S.C. 719f note; 91 Stat. 1268).

7 (7) SECRETARY.—The term “Secretary” means
8 the Secretary of Energy.

9 (8) STATE.—The term “State” means the State
10 of Alaska.

11 **SEC. ____63. ISSUANCE OF CERTIFICATE OF PUBLIC CON-**
12 **VENIENCE AND NECESSITY.**

13 (a) AUTHORITY OF THE COMMISSION.—Notwith-
14 standing the Alaska Natural Gas Transportation Act of
15 1976 (15 U.S.C. 719 et seq.), the Commission may, in
16 accordance with section 7(c) of the Natural Gas Act (15
17 U.S.C. 717f(c)), consider and act on an application for
18 the issuance of a certificate of public convenience and ne-
19 cessity authorizing the construction and operation of an
20 Alaska natural gas transportation project other than the
21 Alaska natural gas transportation system.

22 (b) ISSUANCE OF CERTIFICATE.—

23 (1) IN GENERAL.—The Commission shall issue
24 a certificate of public convenience and necessity au-
25 thorizing the construction and operation of an Alas-

1 ka natural gas transportation project under this sec-
2 tion if the applicant has satisfied the requirements
3 of section 7(e) of the Natural Gas Act (15 U.S.C.
4 717f(e)).

5 (2) CONSIDERATIONS.—In considering an appli-
6 cation under this section, the Commission shall pre-
7 sume that—

8 (A) a public need exists to construct and
9 operate the proposed Alaska natural gas trans-
10 portation project; and

11 (B) sufficient downstream capacity will
12 exist to transport the Alaska natural gas mov-
13 ing through the project to markets in the con-
14 tiguous United States.

15 (c) EXPEDITED APPROVAL PROCESS.—Not later
16 than 60 days after the date of issuance of the final envi-
17 ronmental impact statement under section ____64 for an
18 Alaska natural gas transportation project, the Commission
19 shall issue a final order granting or denying any applica-
20 tion for a certificate of public convenience and necessity
21 for the project under section 7(c) of the Natural Gas Act
22 (15 U.S.C. 717f(c)) and this section.

23 (d) PROHIBITION OF CERTAIN PIPELINE ROUTE.—
24 No license, permit, lease, right-of-way, authorization, or
25 other approval required under Federal law for the con-

1 struction of any pipeline to transport natural gas from
2 land within the Prudhoe Bay oil and gas lease area may
3 be granted for any pipeline that follows a route that—

4 (1) traverses land beneath navigable waters (as
5 defined in section 2 of the Submerged Lands Act
6 (43 U.S.C. 1301)) beneath, or the adjacent shoreline
7 of, the Beaufort Sea; and

8 (2) enters Canada at any point north of 68 de-
9 grees north latitude.

10 (e) OPEN SEASON.—

11 (1) IN GENERAL.—Not later than 120 days
12 after the date of enactment of this Act, the Commis-
13 sion shall promulgate regulations governing the con-
14 duct of open seasons for Alaska natural gas trans-
15 portation projects (including procedures for the allo-
16 cation of capacity).

17 (2) REQUIREMENTS.—The regulations referred
18 to in paragraph (1) shall—

19 (A) include the criteria for and timing of
20 any open seasons;

21 (B) promote competition in the explo-
22 ration, development, and production of Alaska
23 natural gas; and

24 (C) for any open season for capacity ex-
25 ceeding the initial capacity, provide the oppor-

1 tunity for the transportation of natural gas
2 other than from the Prudhoe Bay and Point
3 Thompson units.

4 (3) APPLICABILITY.—Except in a case in which
5 an expansion is ordered in accordance with section
6 ____ 65, initial or expansion capacity on any Alaska
7 natural gas transportation project shall be allocated
8 in accordance with procedures to be established by
9 the Commission in regulations promulgated under
10 paragraph (1).

11 (f) PROJECTS IN THE CONTIGUOUS UNITED
12 STATES.—

13 (1) IN GENERAL.—An application for additional
14 or expanded pipeline facilities that may be required
15 to transport Alaska natural gas from Canada to
16 markets in the contiguous United States may be
17 made in accordance with the Natural Gas Act (15
18 U.S.C. 717a et seq.).

19 (2) EXPANSION.—To the extent that a pipeline
20 facility described in paragraph (1) includes the ex-
21 pansion of any facility constructed in accordance
22 with the Alaska Natural Gas Transportation Act of
23 1976 (15 U.S.C. 719 et seq.), that Act shall con-
24 tinue to apply.

1 (g) STUDY OF IN-STATE NEEDS.—The holder of the
2 certificate of public convenience and necessity issued,
3 modified, or amended by the Commission for an Alaska
4 natural gas transportation project shall demonstrate that
5 the holder has conducted a study of Alaska in-State needs,
6 including tie-in points along the Alaska natural gas trans-
7 portation project for in-State access.

8 (h) ALASKA ROYALTY GAS.—

9 (1) IN GENERAL.—Except as provided in para-
10 graph (2), the Commission, on a request by the
11 State and after a hearing, may provide for reason-
12 able access to the Alaska natural gas transportation
13 project by the State (or State designee) for the
14 transportation of royalty gas of the State for the
15 purpose of meeting local consumption needs within
16 the State.

17 (2) EXCEPTION.—The rates of shippers of sub-
18 scribed capacity on an Alaska natural gas transpor-
19 tation project described in paragraph (1), as in ef-
20 fect as of the date on which access under that para-
21 graph is granted, shall not be increased as a result
22 of such access.

23 (i) REGULATIONS.—The Commission may promul-
24 gate such regulations as are necessary to carry out this
25 section.

1 **SEC. ____64. ENVIRONMENTAL REVIEWS.**

2 (a) COMPLIANCE WITH NEPA.—The issuance of a
3 certificate of public convenience and necessity authorizing
4 the construction and operation of any Alaska natural gas
5 transportation project under section ____63 shall be treat-
6 ed as a major Federal action significantly affecting the
7 quality of the human environment within the meaning of
8 section 102(2)(C) of the National Environmental Policy
9 Act of 1969 (42 U.S.C. 4332(2)(C)).

10 (b) DESIGNATION OF LEAD AGENCY.—

11 (1) IN GENERAL.—The Commission—

12 (A) shall be the lead agency for purposes
13 of complying with the National Environmental
14 Policy Act of 1969 (42 U.S.C. 4321 et seq.);
15 and

16 (B) shall be responsible for preparing the
17 environmental impact statement required by
18 section 102(2)(c) of that Act (42 U.S.C.
19 4332(2)(c)) with respect to an Alaska natural
20 gas transportation project.

21 (2) CONSOLIDATION OF STATEMENTS.—In car-
22 rying out paragraph (1), the Commission shall pre-
23 pare a single environmental impact statement, which
24 shall consolidate the environmental reviews of all
25 Federal agencies considering any aspect of the Alas-

1 ka natural gas transportation project covered by the
2 environmental impact statement.

3 (c) OTHER AGENCIES.—

4 (1) IN GENERAL.—Each Federal agency consid-
5 ering an aspect of the construction and operation of
6 an Alaska natural gas transportation project shall—

7 (A) cooperate with the Commission; and

8 (B) comply with deadlines established by
9 the Commission in the preparation of the envi-
10 ronmental impact statement under this section.

11 (2) SATISFACTION OF NEPA REQUIREMENTS.—

12 The environmental impact statement prepared under
13 this section shall be used by each Federal agency de-
14 scribed in paragraph (1) in satisfaction of the re-
15 sponsibilities of the Federal agency under section
16 102(2)(C) of the National Environmental Policy Act
17 of 1969 (42 U.S.C. 4332(2)(C)) with respect to the
18 Alaska natural gas transportation project covered by
19 the environmental impact statement.

20 (d) EXPEDITED PROCESS.—The Commission shall—

21 (1) not later than 1 year after the Commission
22 determines that the application under section
23 ____63 with respect to an Alaska natural gas trans-
24 portation project is complete, issue a draft environ-
25 mental impact statement under this section; and

1 (2) not later than 180 days after the date of
2 issuance of the draft environmental impact state-
3 ment, issue a final environmental impact statement,
4 unless the Commission for good cause determines
5 that additional time is needed.

6 **SEC. ____ 65. PIPELINE EXPANSION.**

7 (a) **AUTHORITY.**—With respect to any Alaska natural
8 gas transportation project, on a request by 1 or more per-
9 sons and after giving notice and an opportunity for a hear-
10 ing, the Commission may order the expansion of the Alas-
11 ka natural gas project if the Commission determines that
12 such an expansion is required by the present and future
13 public convenience and necessity.

14 (b) **RESPONSIBILITIES OF COMMISSION.**—Before or-
15 dering an expansion under subsection (a), the Commission
16 shall—

17 (1) approve or establish rates for the expansion
18 service that are designed to ensure the recovery, on
19 an incremental or rolled-in basis, of the cost associ-
20 ated with the expansion (including a reasonable rate
21 of return on investment);

22 (2) ensure that the rates do not require existing
23 shippers on the Alaska natural gas transportation
24 project to subsidize expansion shippers;

1 (3) find that a proposed shipper will comply
2 with, and the proposed expansion and the expansion
3 of service will be undertaken and implemented based
4 on, terms and conditions consistent with the tariff of
5 the Alaska natural gas transportation project in ef-
6 fect as of the date of the expansion;

7 (4) find that the proposed facilities will not ad-
8 versely affect the financial or economic viability of
9 the Alaska natural gas transportation project;

10 (5) find that the proposed facilities will not ad-
11 versely affect the overall operations of the Alaska
12 natural gas transportation project;

13 (6) find that the proposed facilities will not di-
14 minish the contract rights of existing shippers to
15 previously subscribed certificated capacity;

16 (7) ensure that all necessary environmental re-
17 views have been completed; and

18 (8) find that adequate downstream facilities
19 exist or are expected to exist to deliver incremental
20 Alaska natural gas to market.

21 (c) REQUIREMENT FOR A FIRM TRANSPORTATION
22 AGREEMENT.—Any order of the Commission issued in ac-
23 cordance with this section shall be void unless the person
24 requesting the order executes a firm transportation agree-
25 ment with the Alaska natural gas transportation project

1 within such reasonable period of time as the order may
2 specify.

3 (d) LIMITATION.—Nothing in this section expands or
4 otherwise affects any authority of the Commission with
5 respect to any natural gas pipeline located outside the
6 State.

7 (e) REGULATIONS.—The Commission may promul-
8 gate such regulations as are necessary to carry out this
9 section.

10 **SEC. ____66. FEDERAL COORDINATOR.**

11 (a) ESTABLISHMENT.—There is established, as an
12 independent office in the executive branch, the Office of
13 the Federal Coordinator for Alaska Natural Gas Trans-
14 portation Projects.

15 (b) FEDERAL COORDINATOR.—

16 (1) APPOINTMENT.—The Office shall be headed
17 by a Federal Coordinator for Alaska Natural Gas
18 Transportation Projects, who shall be appointed by
19 the President, by and with the advice and consent
20 of the Senate.

21 (2) COMPENSATION.—The Federal Coordinator
22 shall be compensated at the rate prescribed for level
23 III of the Executive Schedule (5 U.S.C. 5314).

24 (c) DUTIES.—The Federal Coordinator shall be re-
25 sponsible for—

1 (1) coordinating the expeditious discharge of all
2 activities by Federal agencies with respect to an
3 Alaska natural gas transportation project; and

4 (2) ensuring the compliance of Federal agencies
5 with the provisions of this subtitle.

6 (d) REVIEWS AND ACTIONS OF OTHER FEDERAL
7 AGENCIES.—

8 (1) EXPEDITED REVIEWS AND ACTIONS.—All
9 reviews conducted and actions taken by any Federal
10 agency relating to an Alaska natural gas transpor-
11 tation project authorized under this section shall be
12 expedited, in a manner consistent with completion of
13 the necessary reviews and approvals by the deadlines
14 under this subtitle.

15 (2) PROHIBITION OF CERTAIN TERMS AND CON-
16 DITIONS.—No Federal agency may include in any
17 certificate, right-of-way, permit, lease, or other au-
18 thorization issued to an Alaska natural gas trans-
19 portation project any term or condition that may be
20 permitted, but is not required, by any applicable law
21 if the Federal Coordinator determines that the term
22 or condition would prevent or impair in any signifi-
23 cant respect the expeditious construction and oper-
24 ation, or an expansion, of the Alaska natural gas
25 transportation project.

1 (3) PROHIBITION OF CERTAIN ACTIONS.—Un-
2 less required by law, no Federal agency shall add to,
3 amend, or abrogate any certificate, right-of-way, per-
4 mit, lease, or other authorization issued to an Alas-
5 ka natural gas transportation project if the Federal
6 Coordinator determines that the action would pre-
7 vent or impair in any significant respect the expedi-
8 tious construction and operation, or an expansion, of
9 the Alaska natural gas transportation project.

10 (4) LIMITATION.—The Federal Coordinator
11 shall not have authority to—

12 (A) override—

13 (i) the implementation or enforcement
14 of regulations promulgated by the Commis-
15 sion under section ____63; or

16 (ii) an order by the Commission to ex-
17 pand the project under section ____65; or

18 (B) impose any terms, conditions, or re-
19 quirements in addition to those imposed by the
20 Commission or any agency with respect to con-
21 struction and operation, or an expansion of, the
22 project.

23 (e) STATE COORDINATION.—

24 (1) IN GENERAL.—The Federal Coordinator
25 and the State shall enter into a joint surveillance

1 and monitoring agreement similar to the agreement
2 in effect during construction of the Trans-Alaska
3 Pipeline, to be approved by the President and the
4 Governor of the State, for the purpose of monitoring
5 the construction of the Alaska natural gas transpor-
6 tation project.

7 (2) PRIMARY RESPONSIBILITY.—With respect
8 to an Alaska natural gas transportation project—

9 (A) the Federal Government shall have pri-
10 mary surveillance and monitoring responsibility
11 in areas where the Alaska natural gas transpor-
12 tation project crosses Federal land or private
13 land; and

14 (B) the State government shall have pri-
15 mary surveillance and monitoring responsibility
16 in areas where the Alaska natural gas transpor-
17 tation project crosses State land.

18 (f) TRANSFER OF FEDERAL INSPECTOR FUNCTIONS
19 AND AUTHORITY.—On appointment of the Federal Coor-
20 dinator by the President, all of the functions and authority
21 of the Office of Federal Inspector of Construction for the
22 Alaska Natural Gas Transportation System vested in the
23 Secretary under section 3012(b) of the Energy Policy Act
24 of 1992 (15 U.S.C. 719e note; Public Law 102–486), in-
25 cluding all functions and authority described and enumer-

1 ated in the Reorganization Plan No. 1 of 1979 (44 Fed.
2 Reg. 33663), Executive Order No. 12142 of June 21,
3 1979 (44 Fed. Reg. 36927), and section 5 of the Presi-
4 dent's decision, shall be transferred to the Federal Coordi-
5 nator.

6 **SEC. ____ 67. JUDICIAL REVIEW.**

7 (a) **EXCLUSIVE JURISDICTION.**—Except for review by
8 the Supreme Court on writ of certiorari, the United States
9 Court of Appeals for the District of Columbia Circuit shall
10 have original and exclusive jurisdiction to determine—

11 (1) the validity of any final order or action (in-
12 cluding a failure to act) of any Federal agency or of-
13 ficer under this subtitle;

14 (2) the constitutionality of any provision of this
15 subtitle, or any decision made or action taken under
16 this subtitle; or

17 (3) the adequacy of any environmental impact
18 statement prepared under the National Environ-
19 mental Policy Act of 1969 (42 U.S.C. 4321 et seq.)
20 with respect to any action under this subtitle.

21 (b) **DEADLINE FOR FILING CLAIM.**—A claim arising
22 under this subtitle may be brought not later than 60 days
23 after the date of the decision or action giving rise to the
24 claim.

1 (c) EXPEDITED CONSIDERATION.—The United
2 States Court of Appeals for the District of Columbia Cir-
3 cuit shall set any action brought under subsection (a) for
4 expedited consideration, taking into account the national
5 interest of enhancing national energy security by providing
6 access to the significant gas reserves in Alaska needed to
7 meet the anticipated demand for natural gas.

8 (d) AMENDMENT OF THE ALASKA NATURAL GAS
9 TRANSPORTATION ACT OF 1976.—Section 10(c) of the
10 Alaska Natural Gas Transportation Act of 1976 (15
11 U.S.C. 719h) is amended—

12 (1) by striking “(c)(1) A claim” and inserting
13 the following:

14 “(c) JURISDICTION.—

15 “(1) SPECIAL COURTS.—

16 “(A) IN GENERAL.—A claim”;

17 (2) by striking “Such court shall have” and in-
18 serting the following:

19 “(B) EXCLUSIVE JURISDICTION.—The
20 Special Court shall have”;

21 (3) by inserting after paragraph (1) the fol-
22 lowing:

23 “(2) EXPEDITED CONSIDERATION.—The Spe-
24 cial Court shall set any action brought under this
25 section for expedited consideration, taking into ac-

1 count the national interest described in section 2.”;
2 and

3 (4) in paragraph (3), by striking “(3) The en-
4 actment” and inserting the following:

5 “(3) ENVIRONMENTAL IMPACT STATEMENTS.—
6 The enactment”.

7 **SEC. ____68. STATE JURISDICTION OVER IN-STATE DELIV-**
8 **ERY OF NATURAL GAS.**

9 (a) LOCAL DISTRIBUTION.—Any facility receiving
10 natural gas from an Alaska natural gas transportation
11 project for delivery to consumers within the State—

12 (1) shall be deemed to be a local distribution fa-
13 cility within the meaning of section 1(b) of the Nat-
14 ural Gas Act (15 U.S.C. 717(b)); and

15 (2) shall not be subject to the jurisdiction of the
16 Commission.

17 (b) ADDITIONAL PIPELINES.—Except as provided in
18 section ____63(d), nothing in this subtitle shall preclude
19 or otherwise affect a future natural gas pipeline that may
20 be constructed to deliver natural gas to Fairbanks, An-
21 chorage, Matanuska-Susitna Valley, or the Kenai penin-
22 sula or Valdez or any other site in the State for consump-
23 tion within or distribution outside the State.

24 (c) RATE COORDINATION.—

1 (1) IN GENERAL.—In accordance with the Nat-
2 ural Gas Act (15 U.S.C. 717a et seq.), the Commis-
3 sion shall establish rates for the transportation of
4 natural gas on any Alaska natural gas transpor-
5 tation project.

6 (2) CONSULTATION.—In carrying out para-
7 graph (1), the Commission, in accordance with sec-
8 tion 17(b) of the Natural Gas Act (15 U.S.C.
9 717p(b)), shall consult with the State regarding
10 rates (including rate settlements) applicable to nat-
11 ural gas transported on and delivered from the Alas-
12 ka natural gas transportation project for use within
13 the State.

14 **SEC. ____69. STUDY OF ALTERNATIVE MEANS OF CON-**
15 **STRUCTION.**

16 (a) REQUIREMENT OF STUDY.—If no application for
17 the issuance of a certificate or amended certificate of pub-
18 lic convenience and necessity authorizing the construction
19 and operation of an Alaska natural gas transportation
20 project has been filed with the Commission by the date
21 that is 18 months after the date of enactment of this Act,
22 the Secretary shall conduct a study of alternative ap-
23 proaches to the construction and operation of such an
24 Alaska natural gas transportation project.

1 (b) SCOPE OF STUDY.—The study under subsection
2 (a) shall take into consideration the feasibility of—

3 (1) establishing a Federal Government corpora-
4 tion to construct an Alaska natural gas transpor-
5 tation project; and

6 (2) securing alternative means of providing
7 Federal financing and ownership (including alter-
8 native combinations of Government and private cor-
9 porate ownership) of the Alaska natural gas trans-
10 portation project.

11 (c) CONSULTATION.—In conducting the study under
12 subsection (a), the Secretary shall consult with the Sec-
13 retary of the Treasury and the Secretary of the Army (act-
14 ing through the Chief of Engineers).

15 (d) REPORT.—On completion of any study under sub-
16 section (a), the Secretary shall submit to Congress a re-
17 port that describes—

18 (1) the results of the study; and

19 (2) any recommendations of the Secretary (in-
20 cluding proposals for legislation to implement the
21 recommendations).

22 **SEC. ____ 70. CLARIFICATION OF ANGTA STATUS AND AU-**
23 **THORITIES.**

24 (a) SAVINGS CLAUSE.—Nothing in this subtitle
25 affects—

1 (1) any decision, certificate, permit, right-of-
2 way, lease, or other authorization issued under sec-
3 tion 9 of the Alaska Natural Gas Transportation Act
4 of 1976 (15 U.S.C. 719g); or

5 (2) any Presidential finding or waiver issued in
6 accordance with that Act.

7 (b) CLARIFICATION OF AUTHORITY TO AMEND
8 TERMS AND CONDITIONS TO MEET CURRENT PROJECT
9 REQUIREMENTS.—Any Federal agency responsible for
10 granting or issuing any certificate, permit, right-of-way,
11 lease, or other authorization under section 9 of the Alaska
12 Natural Gas Transportation Act of 1976 (15 U.S.C.
13 719g) may add to, amend, or rescind any term or condi-
14 tion included in the certificate, permit, right-of-way, lease,
15 or other authorization to meet current project require-
16 ments (including the physical design, facilities, and tariff
17 specifications), if the addition, amendment, or rescission—

18 (1) would not compel any change in the basic
19 nature and general route of the Alaska natural gas
20 transportation system as designated and described in
21 section 2 of the President’s decision; or

22 (2) would not otherwise prevent or impair in
23 any significant respect the expeditious construction
24 and initial operation of the Alaska natural gas
25 transportation system.

1 (c) UPDATED ENVIRONMENTAL REVIEWS.—The Sec-
2 retary shall require the sponsor of the Alaska natural gas
3 transportation system to submit such updated environ-
4 mental data, reports, permits, and impact analyses as the
5 Secretary determines are necessary to develop detailed
6 terms, conditions, and compliance plans required by sec-
7 tion 5 of the President’s decision.

8 **SEC. ____71. SENSE OF CONGRESS CONCERNING USE OF**
9 **STEEL MANUFACTURED IN NORTH AMERICA**
10 **NEGOTIATION OF A PROJECT LABOR AGREE-**
11 **MENT.**

12 It is the sense of Congress that—

13 (1) an Alaska natural gas transportation
14 project would provide significant economic benefits
15 to the United States and Canada; and

16 (2) to maximize those benefits, the sponsors of
17 the Alaska natural gas transportation project should
18 make every effort to—

19 (A) use steel that is manufactured in
20 North America; and

21 (B) negotiate a project labor agreement to
22 expedite construction of the pipeline.

1 **SEC. ____72. SENSE OF CONGRESS AND STUDY CONCERNING**
2 **PARTICIPATION BY SMALL BUSINESS CON-**
3 **CERNS.**

4 (a) DEFINITION OF SMALL BUSINESS CONCERN.—

5 In this section, the term “small business concern” has the
6 meaning given the term in section 3(a) of the Small Busi-
7 ness Act (15 U.S.C. 632(a)).

8 (b) SENSE OF CONGRESS.—It is the sense of Con-
9 gress that—

10 (1) an Alaska natural gas transportation
11 project would provide significant economic benefits
12 to the United States and Canada; and

13 (2) to maximize those benefits, the sponsors of
14 the Alaska natural gas transportation project should
15 maximize the participation of small business con-
16 cerns in contracts and subcontracts awarded in car-
17 rying out the project.

18 (c) STUDY.—

19 (1) IN GENERAL.—The Comptroller General of
20 the United States shall conduct a study to determine
21 the extent to which small business concerns partici-
22 pate in the construction of oil and gas pipelines in
23 the United States.

24 (2) REPORT.—Not later than 1 year after the
25 date of enactment of this Act, the Comptroller Gen-

1 eral shall submit to Congress a report that describes
2 results of the study under paragraph (1).

3 (3) UPDATES.—The Comptroller General
4 shall—

5 (A) update the study at least once every 5
6 years until construction of an Alaska natural
7 gas transportation project is completed; and

8 (B) on completion of each update, submit
9 to Congress a report containing the results of
10 the update.

11 **SEC. ____73. ALASKA PIPELINE CONSTRUCTION TRAINING**
12 **PROGRAM.**

13 (a) ESTABLISHMENT OF PROGRAM.—Subject to sub-
14 sections (b) and (c), the Secretary of Labor may make
15 grants to the Alaska Department of Labor and Workforce
16 Development—

17 (1) to develop a plan to train, through the
18 workforce investment system established in the State
19 under subtitle B of title I of the Workforce Invest-
20 ment Act of 1998 (29 U.S.C. 2811 et seq.), adult
21 and dislocated workers, including Alaska Natives, in
22 urban and rural Alaska in the skills required to con-
23 struct and operate an Alaska gas pipeline system;
24 and

1 (2) to implement the plan developed in accord-
2 ance with paragraph (1).

3 (b) REQUIREMENTS FOR PLANNING GRANTS.—The
4 Secretary of Labor may make a grant under subsection
5 (a)(1) only if—

6 (1) the Governor of the State certifies in writ-
7 ing to the Secretary of Labor that there is a reason-
8 able expectation that construction of an Alaska gas
9 pipeline will commence by the date that is 3 years
10 after the date of the certification; and

11 (2) the Secretary of the Interior concurs in
12 writing to the Secretary of Labor with the certifi-
13 cation made under paragraph (1).

14 (c) REQUIREMENTS FOR IMPLEMENTATION
15 GRANTS.—The Secretary of Labor may make a grant
16 under subsection (a)(2) only if—

17 (1) the Secretary of Labor approves a plan de-
18 veloped in accordance with subsection (a)(1);

19 (2) the Governor of the State requests the
20 grant funds and certifies in writing to the Secretary
21 of Labor that there is a reasonable expectation that
22 the construction of an Alaska natural gas pipeline
23 system will commence by the date that is 2 years
24 after the date of the certification; and

1 (3) the Secretary of the Interior concurs in
2 writing to the Secretary of Labor with the certifi-
3 cation made under paragraph (2) after
4 considering—

5 (A) the status of necessary Federal and
6 State permits;

7 (B) the availability of financing for the
8 Alaska natural gas pipeline project; and

9 (C) other relevant factors.

10 (d) AUTHORIZATION OF APPROPRIATIONS.—There
11 are authorized to be appropriated to the Secretary of
12 Labor to carry out this section \$20,000,000.

13 **SEC. ____74. SENSE OF CONGRESS CONCERNING NATURAL**
14 **GAS DEMAND.**

15 It is the sense of Congress that—

16 (1) North American demand for natural gas
17 will increase dramatically over the course of the next
18 several decades;

19 (2) both the Alaska Natural Gas Pipeline and
20 the McKenzie Delta Natural Gas project in Canada
21 will be necessary to help meet the increased demand
22 for natural gas in North America;

23 (3) Federal and State officials should work to-
24 gether with officials in Canada to ensure both

1 projects can move forward in a mutually beneficial
2 fashion;

3 (4) Federal and State officials should acknowl-
4 edge that the smaller scope, fewer permitting re-
5 quirements, and lower cost of the McKenzie Delta
6 project means it will most likely be completed before
7 the Alaska Natural Gas Pipeline;

8 (5) natural gas production in the 48 contiguous
9 States and Canada will not be able to meet all do-
10 mestic demand in the coming decades; and

11 (6) as a result, natural gas delivered from Alas-
12 kan North Slope will not displace or reduce the com-
13 mercial viability of Canadian natural gas produced
14 from the McKenzie Delta or production from the 48
15 contiguous States.

16 **SEC. ____75. SENSE OF CONGRESS CONCERNING ALASKAN**
17 **OWNERSHIP.**

18 It is the sense of Congress that—

19 (1) as coowners of the vast natural gas reserves
20 that lie under State land in Alaska, Alaska Native
21 Regional Corporations, companies owned and oper-
22 ated by Alaskans, and individual Alaskans should
23 have the opportunity to own shares of the Alaska
24 natural gas pipeline in a way that promotes eco-
25 nomic development for the State; and

1 (2) to facilitate economic development in the
2 State, all project sponsors should negotiate in good
3 faith with any willing Alaskan person that desires to
4 be involved in the project.